

**ROLE OF SELF HELP GROUPS IN GROWTH OF RURAL WOMEN
ENTREPRENEURSUIP THROUGH MICROFINANCE**

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ABSTRACT

Women are an integral part of every economy. All round development and harmonious growth of a nation would be possible only when women are considered as equal partners in progress with men. Empowerment of women is essential to harness the women labor in the main stream of economic development. Empowerment of women is a holistic concept. It is multi-dimensional in its approach and covers social, political, economic and social aspects. Of all these facets of women's development, economic empowerment is of utmost significance in order to achieve a lasting and sustainable development of society. The objectives of the present paper is aimed to study (a) the role of Self Help Groups in the over all growth of rural women with their socio-economic empowerment (b) to evaluate the importance of Microfinance for development of Entrepreneurial Skills and sustainability among rural women and (c) to study the growth of microfinance dependability among rural women for the uplift of rural women in terms of their socio-economic advancement.

Key Words: Self Help Group – Microfinance – Dependability – Empowerment – Entrepreneurship – Sustainability – Advancement

INTRODUCTION

SGSY is a credit-cum-subsidy programme for self-employment where credit is a critical component and subsidy is enabling component. SGSY focuses on group approach through SHGs and aims at establishing a large number of micro enterprises in rural areas based on the potential and competencies of the rural women.

SALIENT FEATURES OF SGSY

1. Six programmes like, IRDP, TRYSEM, DWCRA, SITRA, GKY, MWS, merged into a single holistic programme.
2. Group approach is adopted for poverty alleviation and the BPL (Below Poverty Line) families are organized into SHGs through social mobilization.
3. Cluster approach to be followed for establishing micro enterprises.
4. Capacity building of beneficiaries to be given high priority including in skill development and technology up gradation.

IMPLEMENTATION OF SGSY

SGSY is implemented by District Rural Development Agencies (DRDAs) through the blocks and with the active involvement of other Panchayat Raj Institutions, the banks, the line departments and the NGOs. The DRDAs are expected to co-ordinate the implementation of the programme. In particular, their role is critical in organization of the Self Help Groups and their capacity building as well as in terms of coordination with the technical institutions for technology and training, the banks for planning and credit mobilization, the line departments for infrastructure and technical follow up as well in coordinating the marketing activities.

FUNDING PATTERN

SGSY is a Centrally Sponsored Scheme and the financing of the Programme is share between the Centre and the State in the ratio of 75:25.

METHOD OF STUDY

The study relied upon both primary and secondary data. Primary data relating to the quantum and utilization of assistance received, training attended, impact of the programme on the improvement in their earning, change in the occupational pattern, etc. were collected through pre-designed questionnaire from the sample beneficiaries.

Secondary data in respect of savings, loans, revolving fund, economic assistance received, number of members involved in economic activities, repayment of loan, etc. were collected from the records of SHGs from the animators. Secondary data kept available at the block, district and state levels were also gathered for analysis.

PERFORMANCE OF SGSY PROGRAMME THROUGH SHGs

It places emphasis on group financing and a large chunk of assistance under SGSY is provided to SHGs for supporting group level or individual micro enterprises so as to lift the assisted beneficiaries to cross the poverty line. The goal at the national level is to cover 100 million rural poor in the country with savings and credit by the year 2008 through SHGs. Tamil Nadu ranks second in the country in establishing SHGs next to Andhra Pradesh.

SGSY is being implemented through Self-Help Groups focusing on the organization of the poor at grass root level through a process of social mobilization for poverty eradication. Social mobilization enables the poor to build their own organizations (SHGs) in which they participate fully and directly and take decisions on all issues concerning poverty eradication. A large number of groups have been formed by different agencies, viz., Women Development Corporation, NGOs, banks, NABARD, etc. and are assisted by DRDAs. As of March 2005, a total of 1.86 lakhs SHGs have been formed in the State covering about 30 lakh members. The coverage details are presented below:

Number of districts covered	:	29
Number of blocks covered	:	385
Number of Panchayats covered	:	12619
Number of Groups Formed	:	185921
Number of Groups taken up Economic Activity	:	22746
Number of Members imparted skill training	:	99704

Year-wise details on the number of groups formed, the number of groups passed first grading, the number of groups which have passed second grading, the number of groups taken up economic activities are presented in the following table.

**Year-wise Physical Performance of the Programme
(1999-2000 to 2004-2005)**

Item	Year						Total
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	
1. No. of SHGs formed	18661	25324	29966	20997	65780	25193	355921
2. No. of SHGs passed I Grading	6850	12904	30161	13015	25113	19522	107565
3. No. of Groups Received RF	6464	12533	8285	11009	14830	13750	66871
4. No. of SHGs passed I Grading	4952	5478	3958	5040	5932	6496	31856
5. No. of SHGs taken up economic activities	3198	4712	3275	3510	3826	4824	23345
6. Coverage of SC	21954	33712	23328	22630	23355	28523	153502
7. Coverage of ST	950	1625	1380	788	1838	2182	8763

Source: Directorate of Rural Development, Government of Tamil Nadu.

Economic Activity Assistance:

Economic empowerment may be defined as the sum total of necessary and sufficient conditions required for livelihood security, sustenance of the self and family and improvement in their overall well-being. Economic empowerment is not automatic and it is the result of involvement and participation of the members of the SHGs in gainful income generating

activities individually or collectively. Economic empowerment is the state wherein the member is able to fulfill one's basic needs through reasonable opportunities of income generation, to own assets through group or individual activity. The SHGs have facilitated in starting the process of economic transformation. As the first step in the process, the members have tended to become savers rather than dis-savers. Their awareness about the Government Schemes through revolving fund and economic activity assistance seems to be good as seen in the sample blocks.

Identification of Key Activities:

SGSY guidelines lay emphasis on the cluster approach. Accordingly, each block has to identify four to five key activities and to concentrate on all aspects of these select activities based on local resources, occupational skills of the people and availability of markets enable the beneficiaries to earn sustainable income from their investments. The activities which are easier to handle and the product is easily marketable are to be identified. The Block Level SGSY Committee has an important role in the selection of key activities as per guidelines. However, it was observed that the activities were determined by various concerned officials rather than the Block level SGSY Committee. The details on the coverage of the SGSY Programme in six sample districts and sample blocks in providing economic activity assistance to the Groups as per the records are presented in the table given below.

**Economic Activity Assistance – Sample Districts
(1999-2000 to 2004-2005)**

Sl.	Sample	Total No. of Groups
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No.	District	Formed	Second Graded	Received Economic Activity Assistance	Percentage
1	Coimbatore	11482	2350	2350	100.0
2	Kancheepuram	9552	1505	1225	81.4
3	Kanniyakumari	8400	1106	728	65.8
4	Karur	4131	680	577	84.9
5	Nagapattinam	7491	954	504	52.8
6	Thirunelveli	7562	1166	1040	89.2
	Total	48618	7761	6424	82.8

Source: DRDAs.

About 80 per cent of the eligible Groups that have passed second grading test were assisted with economic activity assistance. In the districts of Kancheepuram, Karur, Coimbatore and Nagapattinam, the coverage of SHGs under economic activity assistance was found to be more than 80 per cent.

Economic Activities taken up by SHGs:

Economic activity is not an end in itself but a means to an end. The members of the groups that received assistance from the banks are involved individually or collectively in income generating activities. The activities taken up by the members vary between the districts. The key activities on the basis of local resources and skills and potential link plans prepared by NABARD are not identified by the Block Level SGSY Committee and given to the members as stipulated in the guidelines. The members are taking up economic activities on their own interest and they prefer traditional activities in which they are well-versed than new activities. The details on the different types of economic activities undertaken by the Groups functioning in the sample block of P. N. Palayam is discussed below.

P.N. Palayam (Coimbatore District):

The field study covered 69 SHGs that received economic activity assistance with subsidy under SGSY. Of these, 66 SHGs had taken up different types of economic activities and the rest of three Groups had not taken up any income generating activity. The activities taken up

included rearing milch animal, provision store running canteen, petty trade, brick works, herbal collection etc. About 50 per cent of the Groups have taken up ‘Group Activity’ and only about 12 per cent (4 to 5 members) involved in sub-group activities and in the remaining groups, individual activities were carried out. The activities taken up by the SHGs and number of members involved in the activities in the sample block are presented below.

Type of Activities

Sl. No.	Type of Activity	Group		Sub-group		Individual	
		No. of SHGs	Involved in EA	No. of SHGs	Involved in EA	No. of SHGs	Involved in EA
1	Milch Animal	-	-	-	-	16	165
2	Goat rearing	-	-	-	-	3	37
3	Jute bag	1	14	-	-	-	-
4	Petty trade/cattle feed sales/coconut sales	6	80	-	-	5	62
5	Provision store/fancy store	12	157	6	40	-	-
6	Canteen	4	48	-	-	-	-
7	Hiring of vessels	4	49	1	15	-	-
8	Flour mill	1	12	-	-	-	-
9	Brick making	3	41	-	-	-	-
10	Herbal collection	1	13	-	-	1	17
11	Ration shop	1	19	1	12	-	-
	Total	33	433	8	67	25	281

Source: DEAR Field Study.

In the sample block, the members involved in petty trade activities, milch animal, running canteen and ration shop are successful in earning considerable amount of additional income from the activities. Except a few members, all the members are involved in the income generating activities.

SGSY – SHG: AN IMPACT ASSESSMENT

- SGSY is a comprehensive self-employment programme implemented with the objective of bringing the assisted poor families above the poverty line.
- The focus of SGSY is on the provision of credit with a subsidy component to finance the economic activities undertaken by the targeted beneficiaries.

- The credit provides the necessary financial resources to complement the labour resources of the poor for undertaking productive activities.
- Emphasis has been laid on micro credit programmes which are based on the recognition that the latent entrepreneurial capacity of the poor could be realized through the availability of collateral free and small scale loans for setting up small enterprises.
- Micro credit programmes would enable poor women to pursue economically productive activities. SGSY, thus, directly targets the poor by extending credit with subsidy usually for undertaking economic activities / purchase of income earning assets.
- The secondary objectives include inculcating saving habit among beneficiaries, facilitating marketing and other support services and capacity building/ self-improvement through training.

SUMMARY OF FINDINGS AND SUGGESTIONS

1. Among the members who had utilized for economic activities, the main activity preferred by them was petty trade followed by goat rearing and agriculture based activities.
2. During the field study it was observed that the economic activities were determined by various concerned officials rather than by the block level SGSY committee.
3. In P. N. Palayam block, a total of 69 groups had received economic activity assistance, but only 66 groups had taken up activities. About 50 per cent of the groups have taken up group activity. The main activities taken up were petty trade activity, rearing milch animals, running canteen and ration shops.
4. Marketing appeared to be a major constraint in the successful implementation of a project. However, considerable efforts have been taken by the project office to provide marketing avenues such as provision of market complexes, setting up of DSMS, arrangement for participation in trade fairs, exhibitions, etc.

SUGGESTIONS:

1. The guidelines provide for priority to land based activities. But it is to be noted that the majority of the beneficiaries from the BPL groups are invariably landless. So the feasibility of implementing land based activities successfully gets diminished to a considerable extent. The solution perhaps lies in rural non-farm employment opportunities in the allied sector like diversified animal husbandry, poultry, high value horticulture and vegetable production and fisheries. The project conventionally conceived in most of the blocks, does not take into account this imperative.
2. While micro-credit and micro-finance have achieved a significant level of success, which has been well documented, the actual record of implementation in the sphere of micro-enterprises is less than satisfactory.
3. Each block may be treated as a project area and the norms of subsidy and credit may require to be modified within different bands so that the optimum utilization of scarce resources can be thought of and in the event of savings, the funds could be diverted to other needy or deserving blocks which are able to establish effective utilization from the investments already made. This is a policy issue that merits deeper study.

CONCLUSION:

SGSY has acted as a major catalyst in the democratic framework, organizing efforts and planning new initiatives in close consultations with entrepreneurs from various regions, through associations functioning at different levels. The direction needs to be pursued more vigorously at the district and state levels to bring about socio economic transformation through female entrepreneurship in a number of fields which have not yet been exploited by women. Efforts should be made to develop women entrepreneurship more evenly in different regions including rural and semi urban areas.

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