

Sustainable Livelihood and SHGs

Mr. Prakash Reddy T¹, Dr. Arul Chalakumar²

¹Research scholar, Department of Economics, Bharathidasan university, Trichy Tamil nadu

²Professor(Rtd), Department of Economics, Bharathidasan university, Trichy Tamil nadu

Abstract - Globalization has encouraged to sustainable livelihoods for poor and rural people. This needs solutions that go micro-credit. The SHGs played a great role in achieving a sustaining livelihood by micro credit. It supports micro-level entrepreneurship which reduces the dependence on one source of income and widens income horizons for the members. The members of such groups belong to an identical social and economic background. SHGs are self-governed and controlled groups where the members voluntary come up with the quantity they will conveniently save out of their earnings. It acts as the mutually agreed contribution to the common fund and is employed to supply loans to the members and made sustainable livelihood for its members.

Index Terms - Self-help groups, livelihood, sustainable, credit empowerment.

INTRODUCTION

Self Help Group (SHG) has emerged as a potential option for empowerment of rural poor including women. The present study was conducted in randomly selected in the state of Karnataka. Among the five indicators of empowerment, overall social empowerment and political empowerment were found to be improved maximum among members of SHGs under SBLP and NRLM, respectively. Empowerment from gender parity point of view was studied in case of women SHGs on the basis of five domains of empowerment. Self-Help Group or SHG plays a vital role not only in social transformation and upliftment of rural women but also in social-economic betterment of them. The main objective of this paper is to examine the impact assessment in the socio-economic status of rural women through Self Help Groups. SHG is a group of about 15-20 members who pool their savings together. Members can take loans from the group's savings themselves on a decided rate of interest. The rate of interest is much lower than the interest that is charged by the informal sources. After two years of

regular savings, the SHG can also take a loan from the bank. It helps in elevating the utilization opportunities in rural India and for the agricultural and concrete amongst poor people. It supports micro-level entrepreneurship which reduces the dependence on one source of income and widens income horizons for the members. The members of such groups belong to an identical social and economic background. SHGs are self-governed and controlled groups where the members voluntary come up with the quantity they will conveniently save out of their earnings. It acts as the mutually agreed contribution to the common fund and is employed to supply loans to the members. SHGs have emerged as an efficient tool in elevating people from below the poverty level and improving their living conditions and social station by promoting self-employment. The present study explains a detailed sustainable livelihood of the SHG members in the study area.

OBJECTIVES OF THE STUDY

1. To understand basic objective and functions of SHGs
2. To understand sustainable lively hood and SHGs

REVIEW OF LITERATURE

Ojha (2001) Self-Help Group model of self-employment generation seems to be a workable model. However, there will be need for utmost care in promotion of Self-Help Groups. Self-Help Promotion consists of assisting individuals to join together and setup an organisation promoting their individual and collective skills and opportunities to develop their own. Self-help promotion aims at generating self-sustainable growth processes within the course of which the target group makes its own decision.

Dipendra Banarjee (2001) given the most acceptable definition of microfinance. It is the provision of thrift credits, other financial services and products of very small amount to the poor in rural, semi-urban and urban areas to enable them to raise their income levels and improve the standard of living. The microfinance service, unlike direct credit to weaker sections, and loan under SGSY banking institution had discretion to determine the interest on microcredit. The importance of microcredit in financial markets is progressively gaining universal acceptance as an effective tool to eradicate poverty and unemployment prevailing in developing countries. It helps to provide credit for dispossessed people to build business and empowerment occurs when these people witness effort and outcome. The Central Bank has left the application of interest rate to loan extended to microcredit organisation or by the microcredit organisation to Self-Help Groups / member of beneficiaries to the discretion of the bank with only stipulation.

Vijay Kulkarni (2000) has described in his article "Empowerment of Women through Self Help Groups" the difference between women who have become part of SHGs and those who are not members of the SHGs from the same village. Empowerment has taken place across caste/class. It has also helped to some extent to go beyond caste politics and to bring them together as women.

Mani Singh (2001) has explained in his article "Self-Help Groups: Some Organizational Aspects" that the organizational functions are motivation, meeting, adoption of a fixed area of operation, monthly meeting, fixation and collection of monthly thrift, maintenance of books of accounts, formulation of rules and regulations, increase in membership and framing of policies programs follow cooperative norms. He has also revealed that the social functions are providing education, knowledge and information, providing idea of consumer protection and environment protection, preventing harmful diseases, eradication of poverty, and linkage with other agencies for socially useful activities.

Joshi (2002) observed that microcredit programmer extends small loans to poor people for self-employment projects that generate income, allowing them to care for themselves and their families. In most cases, microcredit programmer offers a combination of services and resources to their clients in addition to credit for self-employment. These often include

savings, training networking and peer support. It is an irony that microenterprises and the contribution to the economy often remains unorganized. Poor women usually run their own individual economic activities very efficiently because of sheer survival pressure on them. But public support for the economy is usually absent so it is very difficult for poor women to improve their economic situation individually and alone. When interventions are made to strengthen women's economic activities, it is very important to credit the positive policy linkages for access to raw materials, markets, skills, space, credit, equipment etc. without this policy support, the most efficiently managed economic activities find it difficult to generate more income for poor women.

Archana Sinha (2002) observes that the SHGs are informal groups where members come together toward collective action for a common cause. The common need here is meeting their emergent economic needs without being dependent on outside help. The main objectives of SHG are to inculcate the habit of thrift, savings, banking culture, that is, availing the loan and repaying the same over a given period of time and in the process, gain economic prosperity through credit. Hence, Self-Help Groups and microcredit should be seen as one of the components of a solution to accelerate the socioeconomic development particularly of the rural poor women in India. A judicious mix of microcredit along with other activities with emphasis on development and empowerment strategies and processes would certainly make microcredit an effective instrument of social and economic development particularly of the women in a holistic and integrated manner.

TRAINING AND CAPACITY BUILDING OF SHGs

NABARD continued to extend support to NGOs, RRBs, DCCBs, Farmers' Clubs, Individual Rural Volunteers (IRVs), SHG Federations and PACS for promoting and nurturing SHGs. Not-for-profit MFIs are also eligible for grant support to act as SHPIs in priority states. During 2016-17, grant assistance of ₹33.17 crore was sanctioned to these agencies for promotion of SHGs. The cumulative assistance sanctioned to various agencies was ₹363.96 crore for promoting 8.35 lakh SHGs, against which assistance

of ₹126.90 crore was released for formation of 6.03 lakh SHGs as on 31 March 2017. NGOs were the most dominant SHPIs, forming more than 78 per cent SHGs and availing 89 per cent grant assistance. NABARD continued its efforts towards training and capacity building of stakeholders engaged in microfinance program. During 2016-17, 3,761 training programs were conducted covering 1.39 lakh participants from various banks/stakeholders. With this, cumulatively, around 36.24 lakh participants have been imparted training. In addition, 870 training programs covering 31,823 participants were conducted under WSHG Fund during 2016-17. The cumulative number of participants trained with support from WSHG Fund was 0.77 lakh. The scheme for promotion of women SHGs in 150 backward/Left Wing Extremism (LWE) affected districts spread across 29 states is being implemented with support of GoI. The anchor NGOs work as SHPIs for promotion and credit linkage of SHGs. They are also expected to act as business facilitators for tracking and monitoring the SHGs and are responsible for loan repayments by SHGs. Under the project 1.95 lakh Women-SHGs have been savings linked and 1.08 lakh of them have been credit-linked. A cumulative amount of ₹89.21 crore was utilised as grant assistance out of the WSHG Fund for various activities.

BASIC OBJECTIVE AND SIGNIFICANCE OF SHGs

Though Self-Help Group are started with a clear objective of economic and social development for economically weaker sections of the community, they are not performing at the expected level in some parts of the state especially in the area of social upliftment and economic development. Though a large number of organizations are registering every year, organizations' objectives are not met at the expected level. The specialists in economic development have considered entrepreneurship development as a possible approach to empowerment of women. A woman as entrepreneur is economically more powerful than as a mere worker, because ownership not only confers control over assets but also gives her the freedom to take decision. This will also uplift her social status in the society. India is a rich country inhabited by a large number of poor people. India's Five-Year Plans have focused on increasing the Gross

Domestic Product (GDP) and eradicating the poverty by providing more employment opportunity to the unemployed men and women. The growth rate in the GDP at factor cost was 9.6 percent during 2006-07 and it is expected to grow at 6 percent plus during 2009-10. According to NSSO report, the unemployment in India among work force was 7.49 million in 1992-93 and the same has increased to 11.24 million in 2004-05. The people below the poverty line in India are around 20% of total population. All the above factors are equally applicable to the study area. Bangalore District, in which is one of the commercial districts of North Karnataka. About 18 lakh SHGs availed credit support of ₹37,287 crore from various banks during 2015-16, at an average of ₹2.03 lakh per SHG. During 2015-16, there was net addition of 2.06 lakh SHGs with savings linkage. (Annual Reports, NABARD, March 2017) The number of households benefited under SHG program is more than 32.98 million. The outstanding of the SHGs of bank loan during past three years (2015-17) in Karnataka were progress under microfinance and their saving of SHGs with Banks on Commercial Bank, Regional Rural Bank and cooperative Banks on March 2017 the total no. of SHGs 1031733 and Savings of Amount Rs. 1, 31181.48 lakhs. NABARD's endeavour in skilling the SHG members through Micro Enterprise Development Programme (MEDP) continued during 2016-17. Around 24,491 members were trained through 817 MEDPs during the year for enabling them to start micro enterprises. Cumulatively, around 4.36 lakh SHG members have received training through 14,499 MEDPs. On the other hand, NABARD continued its efforts towards training and capacity building of stakeholders engaged in microfinance program. During 2016-17, 3,761 training programs were conducted covering 1.39 lakh participants from various banks/stakeholders. With this, cumulatively, around 36.24 lakh participants have been imparted training. In addition, 870 training programs covering 31,823 participants were conducted under WSHG Fund during 2016-17. The cumulative number of participants trained with support from WSHG Fund was 0.77 lakh. The success of entrepreneurship development programs conducted by different institutions depends upon many factors such as selection of the trainees, competency of the trainees, skill teaching, post training support etc. Such detailed analysis of entrepreneurship training program has not

been attempted in the past. Hence, the present study aims at conducting in depth analysis of the EDP organized by selected training institutions. However, they have investigated only selected aspects of entrepreneurial behaviour among rural farm women. Comprehensive studies have not been conducted to study the entire profile of entrepreneurship development activity through self-help groups involving rural entrepreneurs in Bengaluru rural district in Karnataka State.

SUSTAINABLE LIVELIHOOD AND SHGs

The members take the decision regarding the Savings and loan activities of the group. It also decides on the nature of the loan to be granted including the purpose, amount, rate of interest and the repayment schedule. In the case of non-payment of the loan by any one member is followed up seriously by the other members in the group. Due to this reason, banks are willing to lend to poor women when organized in a self-help group even though they have no Collateral as such. SHGs solves the problem of a lack of collateral. It has enabled the participating households to spend more on education, food and health than non-client households. The financial inclusion attained through SHGs has led to reduced child mortality, improved maternal health and the ability of the poor to combat disease through better nutrition, housing and health especially among women and children. Enhancing the efficiency of government schemes SHGs help implement and improve the efficiency of government schemes. Impact on healthcare and housing – Financial inclusion due to SHGs has led to better family planning, reduced rates of child mortality, enhanced maternal health and also helped people fight diseases better by way of better nutrition, healthcare facilities and housing. Banking literacy – SHGs encourage people to save and promote banking literacy among the rural segment's encourages and motivates its members to save and act as a conduit for formal banking services to reach them. SHGs often appear to be instrumental in rural poverty alleviation.

The members can take small loans from the group itself to meet the requirements. They provide timely loans for various purposes and at a reasonable interest rate. It helps women to become financially self-reliant. Priority Sector Lending norms and assurance of returns incentivize banks to lend to SHGs. The SHG-

Bank linkage program pioneered by NABARD has made access to credit easier and reduced the dependence on traditional money lenders and other non-institutional sources. The aftermath of nationalisation witnessed a remarkable spread of the banking system to the unbanked and under-banked rural areas. However, the dependence on informal sources of credit has not decreased in rural areas. The welfare assistance did nothing to eliminate social discrimination against and subordination of women. In almost all the plans for poverty alleviation and social change, disadvantaged women became a 'target' for developmental activities rather than active participants (Beijing Conference, 1996). Since 1970, policymakers and academicians have been pondering how to link development programs with elevating the socio-economic conditions of poor women in India. Women's issues are development issues and ignoring them in development programs means leaving almost half of the population outside development intervention (Anand, 2002 1950, the Constitution of India was formulated and Article 14 guarantees gender equality prohibiting any form of discrimination against women. The reality however, is rampant gender inequality and discrimination in all spheres of social and economic lives of women in India. In the early decades of development planning, they were viewed as social welfare problems. The member their participation in governance process enables them to highlight issues such as dowry, alcoholism, the menace of open defecation, primary health care etc and impact policy decision. Improving efficiency of government schemes and reducing corruption through social audits. Alternate source of employment – it eases dependency on agriculture by providing support in setting up micro-enterprises e.g., personalised business ventures like tailoring, grocery, and tool repair shops. The group charges rate of interest on these loans but it is less than the interest charged by the moneylender. After a year or two if the group is regular in savings, it becomes eligible for availing loan from the bank. The loan is given to the members for releasing mortgaged land, to meet the working capital requirements, to purchase assets and housing material. They also help reduce corruption through social audits. Alternate source of livelihood/employment they help people earn their livelihood by providing vocational training, and also help improve their existing source of livelihood by offering tools, etc.

They also help ease the dependency on agriculture. In 1950, the Constitution of India was formulated and Article 14 guarantees gender equality prohibiting any form of discrimination against women. The reality however, is rampant gender inequality and discrimination in all spheres of social and economic lives of women in India. In the early decades of development planning, they were viewed as social welfare problems. The welfare assistance did nothing to eliminate social discrimination against and subordination of women. In almost all the plans for poverty alleviation and social change, disadvantaged women became a 'target' for developmental activities rather than active participants (Beijing Conference, 1996). Since 1970, policymakers and academicians have been pondering how to link development programs with elevating the socio-economic conditions of poor women in India. Women's issues are development issues and ignoring them in development programs means leaving almost half of the population outside development intervention.

CONCLUSION

Success and failure of SHGs must be understood in relation to how they are embedded in these their socio-political spaces. Moreover, to understand failure, we need to understand success. Following are some of the questions that the research will seek to answer. Credit needs to be provided for diversified activities including income generating livelihood activities productions, housing consumption loan and against sudden calamities. The delivery system has to be proactive and should respond to the financial needs of the farmers. Training programs relating to management of finances, maintaining accounts, production and marketing activities etc. should be given Government functionaries should treat the poor and marginalized as viable and responsible customers and as possible entrepreneurs. There is need to establish a separate SHG monitoring cell in every state level. The cell should have direct links with district and block level monitoring system. The cell should collect both quantitative and qualitative information. Commercial Banks and NABARD in collaboration with the State Government need to continuously innovate and design new financial products for these groups. On being a member of SHGs, quick access is provided to government policies and schemes. The

schemes are meant for the marginalized and backward section of the society from which most of the members belong. They have also helped in improving the quality of living by providing employment opportunities through micro-finance entrepreneurship. It improves the living standard, Health Care, birth control and literacy rates of the weaker sections of the society. SHGs helps within the financial discipline because the members are encouraged to open savings bank accounts which a brief marginalized Savings and improvement in living conditions by spending on education, and health. Loan is given on the name of the group and creates tremendous opportunities for self-employment of the members. Due to SHG, the poor members are able to avail loan even in the absence of collateral. Many women as the members of SHGs have become economically independent. This has led to women empowerment at the rural levels. Self-help groups are informal groups that come together to beat their common problems and improve their standard of living.

REFERENCE

- [1] AHMED. M.A., 1999, Women's empowerment: Self-help groups, Kurukshetra, 47: 69-72B.C.
- Das, 2010, Performance of SGSY-SHG's Linked to RRBs in Karnataka Economic Affairs Vol..55 No.3, (Page 207-216)
- [2] Das, Sanjay Kanti Amalesh Bhowal, 2013, Impact of Micro Finance: Perceptions of Direct Stakeholders of Self-Help Groups, International Journal of Business and Economics Research Vol. 2, No. 6, 2013, Pp. 142-157.
- [3] Darlingselvi, V., 2005, Impact of Self-help group training. Kisan world, 32(3): 31-32.7.
- [4] Dinesha P T, and. Jayasheela,-2011, Empowerment of Women Through Self Help Groups: A Case Study of Dakshina Kannada District, Karnataka India, www. Indian journals. Com, Downloaded from Ip - 210.212.129.125.
- [5] Guha, Samapti, 2010, Microfinance for Micro Enterprises :An Impact Evaluation of Self-Help Groups. Occasional Paper -55 Department of Economic Analysis and Research National Bank for Agriculture and Rural Development National Mumbai Karnataka human Development report, 2005, Government of Karnataka Bangalore

Published by Planning and Statistics Department
Government of Karnataka.

- [6] Mehta, Sushil Kumar Dr. Hari Govind Mishra & Mr. Amrinder Singh, 2011, Role of Self-Help Groups in Socio-Economic Change of Vulnerable Poor of Jammu Region International Conference on Economics and Finance Research IPEDR vol.4 (2011) © (2011) IACSIT Press, Singapore)
- [7] R. Asokan and T. Sudha (2005), 'Economic Status of Rural Women SHGs in Nagapattinam District (with special reference to Elumagalur Village', Cooperative Perspective, January 2005, Vol. 39, No. 4, pp. 5257.
- [8] G. Sandhya (2006), 'Promoting Micro entrepreneurship for Women's Development', Journal of Southern Economist, May 2006, Vol. 45, No. 1, p. 45.
- [9] Christian, P., Kandpal, E., Palaniswamy, N. et al. (2019). Safety nets and natural disaster mitigation: evidence from cyclone Phailin in Odisha. *Climatic Change*, 153: 141–164. Retrieved from <https://doi.org/10.1007/s10584-018-02364-8>.
- [10] Demont, T. (2013). Poverty, Access to Credit and Absorption of Weather Shocks: Evidence from Indian Self-Help Groups. Working paper. Retrieved from http://www.ecineq.org/ecineq_bari13/filesxbari13/cr2/p198.pdf
- [11] Kast, F., Meier, S. & Pomeranz, D. (2018). Saving more in groups: Field experimental evidence from Chile. *Journal of Development Economics*, 133: 75-294. Retrieved from <https://doi.org/10.1016/j.jdeveco.2018.01.006>
- [12] Majumdar, S., Rao, V. & Sanyal, P. (2017). On the Frontlines of Scaling-Up: A Qualitative Analysis of Implementation Challenges in a CDD Project in Rural India. Policy Research Working Paper 8039. Retrieved from <http://documents.vsemirnyjbank.org/curated/ru/610721493131639450/pdf/WPS8039.pdf>
- [13] Sanyal, P., Rao, V., & Prabhakar, U. (2015). Oral Democracy and Women's Oratory Competency in Indian Village Assemblies: A Qualitative Analysis. The World Bank.