



International Journal of Humanities & Social Science Studies (IJHSSS)
A Peer-Reviewed Bi-monthly Bi-lingual Research Journal
ISSN: 2349-6959 (Online), ISSN: 2349-6711 (Print)
Volume-I, Issue-VI, May 2015, Page No. 109-116
Published by Scholar Publications, Karimganj, Assam, India, 788711
Website: <http://www.ijhsss.com>

Role of SHGs in Rural Development of Assam- A Study of Some SHGs of Kamrup District of Assam

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Abstract

More and half of the population of India live in rural areas and large number of population live in below poverty line. The problem of rural poverty is increasing rapidly in India. The only way to reduce the poverty is to provide economic support to the rural people, mainly the rural women through the self-help group. Providing economic support or loans help them to strengthen their positions and also empowered them both economically and socially. In this study we examine the relationship between self-help groups and rural and socio economic development in rural community of Chaygaon block at Kamrup district. Both primary and secondary data are collected for study purpose. Primary data has been collected from Chaygaon block in Kamrup District.

Key words: Population, Poverty, Self Help Group, Rural Women.

Introduction: India's Eleventh National Development Plan depict that more than 300 million people are poor¹. Though country has been successful in reducing the proportion of poor people from about 55 per cent in 1973 to about 27 per cent in 2004 but almost one third of the country's population continues to live below the poverty line and a large proportion of poor people live in rural areas². Poverty is specially seen in female faces in India. In rural India, poor people or people Below Poverty Line (BPL) are often indebted the burden of which constantly deteriorates their economic condition. They find difficult to come out of the poverty imposed. In a recent survey conducted jointly by the World Bank and the National Council of Applied Economic Research, India (NCAER) - the Rural Finance Access Survey, 2003 (RFAS-2003) highlights inadequacies in rural access to formal finance (World Bank 2004). Thus, reduction of poverty and provision of rural financial services is considered to be necessary for rural development of India. Hence microfinance is considered as an important tool for inclusive growth and special emphasis has been given on 11th Five Year Plan (2007-2012). SHGs of Microfinance concept is successfully implemented in recent times as it is trying to break the cycle of indebtedness and provide self-employment opportunities.

Self Help Groups (SHGs) and Women: The United Nations Development Programme (UNDP) in its report in 1995 had clearly stated that unless women are engendered, they will be endangered. According to the latest Global Human Development Report 2014, India ranks 135 in Human Development Index¹ and ranks 132 in Gender Related Development Index² among 187 countries which are adjusted for gender inequalities. The report advised widespread attention regarding status of women globally, otherwise gender inequality will have a negative impact on economic growth. Microcredit Summit Campaign reports that 80% of microfinance clients are female and women have been shown to repay their loans more often and direct a higher share of enterprise proceeds to their families even and compared to men, women perform better and their participation has more desirable development outcomes (Pitt and Khandker, 1998). In this context, it becomes imperative to study the current economic status of women in the developing world. Though several parameters exist to empower women, their active role in formation and deriving economic benefit from Self Help Groups (SHGs) by providing self-employment is adopted as a main tool for empowerment and rural development. Individually poor women below poverty line fail to overcome the problem but

participating collectively, group effort will definitely lead to empowerment. Today SHGs have become the vehicle for changing the poor and marginalized group of our society for the better by assisting women in adapting to entrepreneurial activities. The successful functioning of SHGs will definitely lead to economic independence of women, increase their bargaining power in the society and will empower women both socially and economically which will ultimately strengthen the society and economy.

Concept of Self Help Groups (SHGs): A Self Help Group (SHG) is a village based committee usually composed of 10-20 members' mainly poor people having homogeneous socio economic background. Members are voluntarily coming together to save the regular sums of money and they mutually agreed to contribute the common fund for meeting their emergency needs. They have been able to effectively recycle the resources generated among the members for meeting the productive and emergent credit needs of members of the group. A SHG is defined as a "self governed, peer controlled information group of people with similar socio-economic background and having a desire to collectively perform common purpose"¹. This concept derives its roots from Bangladesh and India has adopted the model in a modified form. Microfinance is a dynamic field and itself implies informal and flexible approach to meet the credit needs of the poor. There is clearly not a definite approach or model that fits in all nations to deliver services and therefore many delivery models have been developed all over the world according to the circumstances and the local needs.

Concept of Rural Development: Rural development generally refers the improvement of quality life, standard of living of the people living in the rural areas. The term 'Rural development' consist of various factors like physical , technological, socio economic and economic factors. *According to Robert chambers, rural development is a strategy to enable a specific group of people, poor rural women and men, to gain for themselves, and their children more of what they want and need. It involves helping the poorest among those who seek a livelihood in the rural areas to demand and control more of the benefits of rural development. The group includes small scale farmers, tenants and the landless.*³

Objective of the study:

1. To assess the socio-economic profile of women member;
2. To evaluate the impact of SHGs on women members in households and in community;
3. To assess the socio-economic upliftment of member after joining SHGs;
4. To suggest suitable measures for the effective functioning of SHGs in improving the socio economic status of women member;

Methodology: The study is mainly based on primary data and data has been collected from the field survey in Chhaygaon and Boko block of Kamrup (R) District of Assam. A total number of 50 respondents from different SHGs from these two blocks are selected using non random sampling method. Secondary data are collected from the existing literature and data in websites, various publications of Central and State, books, magazines, newspapers, reports, seminar papers etc. Information are also gained from the discussion with officials and non-officials of DRDA. For analyzing the data percentage is used and respondent's socio- economic backgrounds have been analyzed with reference to their age, educational qualification, family member, etc.

Review of literature: There are various literature available on Self Help Groups and women empowerment.

Studies exploring the possibilities of empowerment of women with the help of microfinance program and Self Help Groups (SHGs) have been carried out from time to time. Mayuox (1998) study reveals that women are benefited from such programme due to increased income and bargaining power in the household and in community. Mayoux (2000) points out that the use of savings and credit for economic activities generates income and assets which leads to increase in consumption standards (Rahman, 1986, cited in Hussain et. al., 2010).

It is well evidenced that microcredit brought psychological and social empowerment of women. Anand (2002) observe in a study at Kerala that microcredit have created a positive impact on the

¹ <http://konkan-edunart.org/selfhelp.aspx>

families and on their socio economic status. Self-perception is found high after availing micro credit because of change of attitude and social outlook.

Swain (2007) conducted a survey among 1000 household based on the quasi experimental sampling design to know the impact of SHG Bank Linkage Programme. There is increase in confidence level among respondents, ability of decision making and but side by side there is found to be increase in domestic violence due to economic independence of women.

Self Help Groups (SHGs) or microfinance concept originates for poor people and it always tries to assist the socio - economically excluded communities for achieving greater levels of asset creation and income security through self-employment. Sanyal (2009) in a study conducted in West Bengal among 400 respondents observes that entire family of the beneficiary is economically benefited and these families experienced significant changes in their lives after the introduction of microfinance program. In fact prior to the formation of women groups their mobilization was limited and they had no association or connection beyond their families and immediate neighbors.

Naganagoud (2011) & Dhanya and Sivkumar (2010) studies involve progress monitoring and management of particular microfinance programs. Dhanya & Sivkumar (2010) in the study of Kudumbashree microfinance programme found that this programme is significantly contributing towards the income of the respondents.

Mehta et al., (2011) examined the impact of microfinance program on 162 SHG members by asking on various dimensions relating to before and after using microfinance. Study reveals that rural people have been vastly benefited from microfinance programme and SHGs bring changes in economic conditions, social status, decision making and increases women's mobility. Moreover SHGs contribute towards social change by changing ideas of people, values and attitudes of the people.

Chitagubbi et al., (2011) commented that self-help group formation is one of such efforts which enable the poor to participate in the process of development. It examined the impact of SHGs membership on empowerment of women members and found that a higher percentage of (93%) respondents achieved economic independence and developed leadership quality after getting membership of SHGs.

In contrast to this, some literature raises some serious questions about the extent to which women actually retain control over the assets purchased as a result of credit obtained. Goetz and Sengupta (1996) reported that only about one third of women recipients in Bangladesh were able to hold on to their loans.

Hunt and Kasynathan (2002), Mayoux (1998) found in the study that only a minority of women receiving credit from poverty-oriented microfinance program are controlling their loans. They reported that many women act as postboxes and pass the full amount of their loans directly to their husbands, or other male member of the family and cant access their own income.

Indian Scenario: Microfinance have significantly contributed towards women's economic, social and political empowerment. Access to savings and credit with an employment opportunity with the formation of Self Help Groups (SHGs) contributing towards rural development. At present, there are two models of micro finance delivery in India: the Self Help Group Bank Linkage Programme model (SBLP) and the Micro Finance Institution model⁴. The SBLP model which is group oriented model has emerged as the dominant model and has been successful in the country as it is an innovative tool for the promotion of self-employment (Vasanthakumari, 2012)

The details of total SHGs, number of women SHGs and credit linked from the last three years are given below

Table 1: Progress of SHG Bank Linkage programme (Amt. in crore and Rs. in lakh)

	Particulars	2008-2009		2009-2010		2010-2011	
		No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount
SHG Savings with Banks as on 31 st March	Total SHG Nos.	61.21	5545.62	69.53	6198.71	74.62	7016.30
	Exclusively women SHGs	48.64	4434.03	53.10	4498.68	60.98	5298.65

Loan disburse to SHGs during the year	No. of SHGs extending loan	16.10	12253.51	15.87	14453.3	11.96	14547.73
	Exclusively women SHGs	13.75	10537.38	12.94	12429.37	10.17	12622.33
Loan outstanding against SHGs as on 31 st March	Total No. SHGs linked	42.24	22679.84	48.51	28038.28	47.87	31221.37
	Exclusively women SHGs	32.77	18583.54	38.98	23030.36	39.84	26123.75

Source: NABARD (Status of Microfinance in India, 2010-2011)

NABARD (Status of Microfinance in India, 2010-2011) report depict coverage of rural household under SHG Bank Linkage Programme across different states.

Table 2: Rural household coverage under SHG Bank Linkage Programme

Rural household coverage Range (percentage)	Number of States	States
0-20	9	Bihar, Haryana, J&K, Jharkhand, M.P, Nagaland, Punjab, Sikkim and Uttar Pradesh
20-50	10	Arunachal Pradesh, Assam, Chhatisgarh, Delhi, Gujrat, H.P, Manipur, Meghalaya, Rajasthan and Uttarachal
51-75	5	Lakshadweep, Maharashtra, Mizoram, Tripura and West Bengal
76-100	2	Goa and Orissa
More than 100	7	Andaman & Nikobar Island, A.P, Chandigarh, Karnataka, Kerela, Pondichery and Tamil Nadu

Source: : NABARD (Status of Microfinance in India, 2010-2011)

The rural household coverage is less than 50 per cent in 19 states, while the coverage shows more than the number of rural household in seven states (on account of multiple membership in the single household).

Analysis and Interpretation: Age, family size, marital status, education, status in the family etc. are some of the variables that affect the rural people particularly the women in their socio-economic development. Table 3 shows the socio-economic profile of the respondents.

Table 3: Socio-Economic status of respondents with their demographic characteristics

Particulars	No. of respondents	Percentage
Age Group		
Below 30	14	28
30-50	36	72
More than 50	-	-
Marital Status		
Married	44	88
Unmarried	6	12
Family size		
Below 5	32	64
5-10	18	36

Educational Qualification	-	-
Illiterate	36	72
Below HSLC	12	24
Upto HSLC	-	-
HS	2	4
Graduate		
Head of family		
Husband	40	80
Any other male member	10	20
Women member herself	-	-
Type of Activity of SHGs		
Cattle farming	24	48
Weaving	8	16
Handicraft	10	20
Weaving and handicraft	8	16
Purchase of any productive asset after membership		
Cattle	28	56
Handloom /Machine	14	28
Other	2	4
Nothing	6	12
Purpose of taking loan from SHGs		
Education of children	14	28
To repay another loan	12	24
To purchase machine or handloom	24	48
Demand of view of respondent in the family		
Yes	45	90
no	5	10
support in Dowry		
Yes	-	-
No	50	100
Preference for boy child		
Yes		
No		
Widow marriage	44	88
Yes	6	12
No		
	22	44
	28	56

Source: Field Survey

72% of respondents fall under the age group of 30-50 and rest 28% are below 30. They are not poor in terms of education and literacy, all are literate, out of them 4% are even graduate also. Out of them 88% of respondents are married women.

32 respondents have small size family representing 64 percent, whereas only 36 percent have medium size family members and it is seen the head of the family is either husband or other male member which is due to patriarchal society in India.

Most of the respondents i.e; 48 % are engaged in cattle farming and 18% of respondents are engaged in both handloom and handicraft.

After membership into SHG 88% of them purchased some productive asset from which they can again generate income, but 12% purchased nothing.

It is unfortunate to see that 24% took loan to repay another loan that mean they are already indebted, but 44% took loan to purchase some productive assets and 22% are taking loan for educating their children.

SHG member are contributing their small income to their family. But even after financial contribution 10 percent of the respondent does not have demand of their view in decision making. 90% can share their view with their husbands and other family members and make decision jointly. With increase in income of women it is assumed that their social thinking have also improved, but 88% respondents still prefer boy child than girl child and 56% do not support widow marriage.

Respondents showed socio- economic changes after joining SHGs such as income, self-confidence and mobility which is shown in the table 4.

Table 4: changes of respondents after joining SHGs

Particulars	After joining SHGs	
	Increase	Decrease
Family Income	50	-
Self Confidence	50	-
Mobility	50	-

Source: Field survey

After joining SHG the income levels of the respondents have increased and with the help of increased income level they could overcome the poverty and it will definitely lead to rural development.

Respondent's socio economic condition before joining SHG and changes after membership in SHGs is shown in the table 5

Table 5: Socio-economic changes of respondents after joining SHGs

Particulars	Before joining SHG		After Joining SHG	
	Yes	No	Yes	No
Bank A/C Permission required to go Outside village	32	-	18	-
Medical	48	2	11	39
For shopping	50	-	26	24
For fair, festival etc.	48	2	10	40
To take loan from SHGs	50	50	19	31
	-	-	42	2

Source: Field Survey

18% of respondents open bank or post office saving account only after joining SHGs. Even there is increase of income, self-confidence and mobility but still some of them require permission to go outside village. That means they have some sort of social restrictions. Besides 84% respondents require permission to take loan from SHGs.

Suggestions and Conclusions: As the members of SHGs are mostly poor women and from remote places, they face problem in reaching the bank, and government offices for official purpose and financial support and moreover they find problem in marketing their products. Govt. and agency should give emphasis to the rural women for increasing their economic as well as entrepreneurial activities and there should be more exhibitions, melas for products of SHGs.

Training programme should be organized at regular intervals by the NGOs and other Government officials to aware about bank loan, maintenance of proper accounts, self-management, regulation of group etc.

For avoiding any misuse of money, there should be a need of proper regulating authority at each level such as saving, depositing, and money lending. The NGOs and the State government must also monitor at a regular interval the overall performance of SHGs.

Microfinance and specially SHGs become a driving force of society and especially for poor and women, in empowerments and rural development. All over world, almost all nations in its development programme emphasis on gender inequality, poverty and rural development. In this context Self Help Groups (SHGs) are regarded as a revolution all around the world including India. Self Help Groups (SHGs) develop women in diverse sides besides their household activities and help in engendering and empowering women and leads to rural development. Though it has some negative sides it can be avoided, if women empowerment and rural development is taken as a serious objective. Only then greater emphasis needs to be placed on training, education and creation of awareness among women to achieve a larger and long lasting development.

Note:

¹<http://www.ruralpovertyportal.org/country/home/tags/india>

²<http://www.ifad.org/operations/projects/regions/Pi/factsheets/in.pdf>

³<http://agriinfo.in/default.aspx?page=topic&superid=7&topicid=1443>

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- Role of Shgs in Rural Development of Assam- A Study of* Prateeksha Barman & Archana Bhattacharjya
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