

CONCEPT AND INSTRUMENTALITY OF SHGS IN HIMACHAL PRADESH

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ABSTRACT

The present paper is an attempt to evaluate the structural aspect of self-help groups in Hamirpur and Una district of Himachal Pradesh. The paper examined the role of SHG micro-credit as a tool of capacity development and women's empowerment in rural areas of Hamirpur and Una districts in Himachal Pradesh, India. It is based on primary data collected from a random sample of 518 members. The capacity of women is built up in spheres that were previously not their domain, for example, opening and operating bank accounts, visiting local offices, accessing loans and so on. It is considered as the first step for microenterprises. It is used by a number of Governmental agencies, non-governmental organizations and voluntary organizations to reach the poor people and ameliorate their poverty. These agencies help people organize themselves to improve their capability through training, monitoring and guidance for initiating and operating gainful microenterprises.

Keywords: Self-Help Groups, Hamirpur, Una, Women Empowerment, Microenterprises.

INTRODUCTION

A quotation of world's great economist Chanakya says, "Self-realization and self-initiative are the two major powerful weapons to wash poverty out of the World map and are translated to one word that is SHG (Self-Help Group) (Mishra, 2006). The origin of the Self-Help Groups is the brain child of Grameen Bank of Bangladesh, which was founded by Mohammed Yunus during seventies. He won the Noble peace prize in 2006 for his efforts in combating poverty and providing resources to poor via Grameen Bank and the Micro Finance model. A Self-Help Groups are usually informal groups whose members have a common perception of need and importance towards collective action. These groups are voluntarily associations of people with the member size of 10 to 20. The group is basically homogeneous in terms of education, occupation, income distribution and sex composition. Self-Help Groups are necessary to overcome exploitation, create confidence for the economic self-reliance of rural poor, particularly among women who are mostly invisible in the social structure. These groups enable them to come together for a common objective and gain strength from each other to deal with exploitation which they are facing in several forms. A group becomes the basis for action and, change. It also helps building of relationship for mutual trust between the promoting organization and the rural poor to constant contact and genuine efforts (Singh, 2003).

Self-Help Groups are formed with the following objectives:

- Improve discipline among the members in developing saving habits;
- Saving enhance self-confidence of the individual as it is a sign of group encouragement;
- Income generation and gradually become self-reliant;
- Development of leadership quality to realize their potentiality and self-belief;
- Training of members in the use of extension services and government support;
- Building common infrastructure for the benefit of the members (Das, 2003).

Though most of the self-help groups formation and nurturing process have initially been controlled by NGOs but gradually Governments participation has gone on to increase. Rastriya Mahila Kosh, Indira Mahila Yojana and in 1999, Swarnajayanti Gram Swarozgariyojana (SGSY) were launched using SHG approach. (NGOs) Non-Governmental Organizations are playing the role of an intermediary between the banks and SHGs for group formation and nurturing, prior to establishing linkages with bank (Majumdar, 2009).

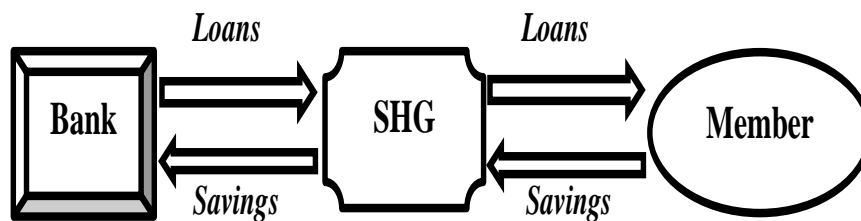
Self-help group working on the principle of solidarity help the poor to come together to pool their saving and access credit facilities. Then through the principles of joint liability and peer pressure, a self-help group ensures prompt loan recovery from the members. In the process, a self-help group helps the poor especially women, to established their credit worthiness. The second major role of self-help group IS seen in terms of their potential to empower the women members. The participation in the self-help group and the access obtain to saving and credit can play a transformational role for women. Socially and economically the access to saving and credit help women members to take care of her family, financial needs for consumption and production purposes. The continued participation in self-help group is further likely to enhance the awareness, skills and other abilities of the women resulting in building of individual self-esteem and in getting due social recognition (Shylendra, 2008).

MODELS OF MICROFINANCE THROUGH SELF-HELP GROUPS

A major thrust in recent years for improving lives of womenfolk and alleviating rural poverty, Government is promoting micro-finance through self-help groups. There are varieties of delivery models for microfinance in India:

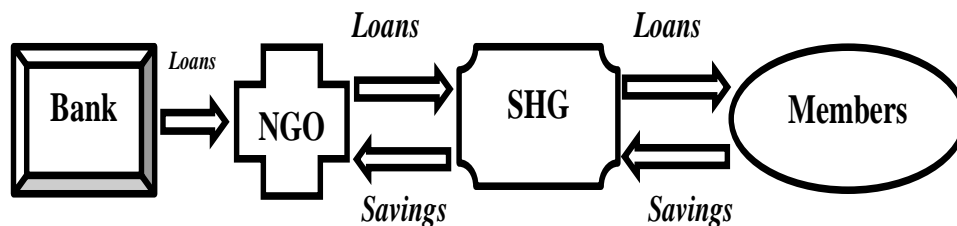
The SHG Bank Linkage Model: Under this model, groups are formed by different agencies known as Self Help Promoting Institutions (SHPIs). These could be NGO’s, Voluntary Associations, Government agencies, Panchayati Raj Institutions, Vikas Volunteer Vahini (VVV) clubs, Banks, Co-operative Societies, etc. The Financial interaction takes place in the following channels (Mishra and Thanvi, 2004):

(a) Without Financial Intermediation of NGOs/ Vas

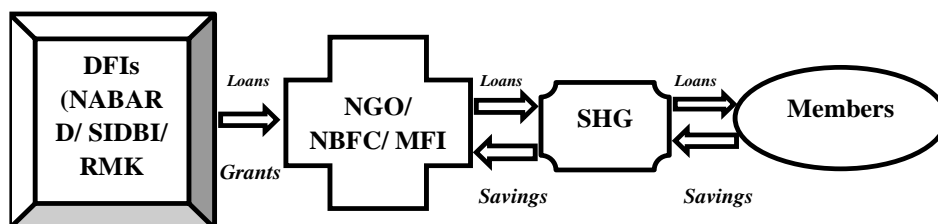


(b) With the Financial Intermediation of NGOs/ Vas

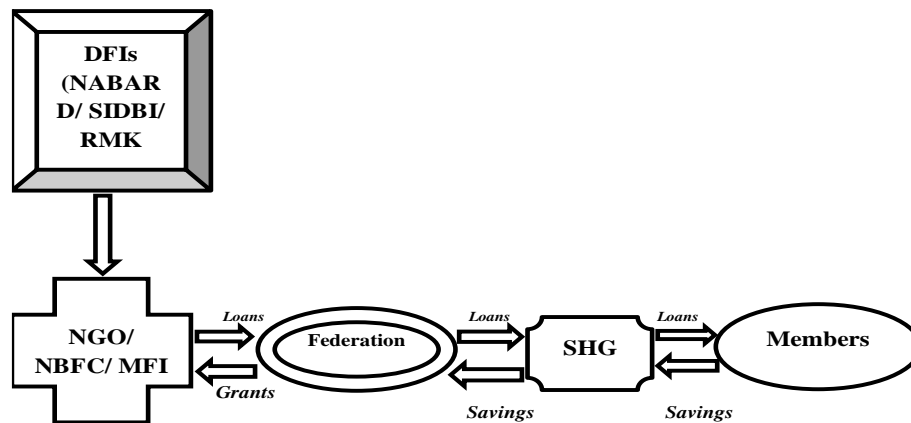
In this model, a part of bank’s work is externalized to the NGO/VA



Micro Finance Institutions (MFIs)/ NGO-SHG Models: Another delivery model involves NGO’s, VAs, MFIs, NBFCs etc., accessing funds either from banking system and / or from Developmental Financial Institutions (DFIs) like NABARD and SIDBI for giving loans to SHGs either in Group or individual mode.



NGO/ MFI Federation –SHG Model: Here the SHGs get financial services, mostly savings and credit, with the help of federations which could be as shown under:



Federations have been promoted by MFIs like Dhan Foundation, PRADAN, Chaitanya, SEWA etc.

GROWTH OF SELF-HELP GROUPS IN INDIA

In recent years’ micro-finance become an important intervention as a tool for rural development and poverty alleviation. In India, a number of microfinance institutions including NGOs, NBFIs and Government agencies had intensively intervened. Innovation of group-based microfinance especially Self-help Groups (SHGs), Grameen Joint Liability Groups (JLGs), Mutually Aided Cooperative Societies (MACS) etc. which replaced the physical collateral with moral and social collateral for micro-loans had probably led to speed up of the microfinance programmes in India. The giant step of NABARD on SHG- Bank Linkage Programme is really praiseworthy which latter considered as one of the biggest microfinance interventions in the world (Balamurugan and Selvaraj 2014).

Self-help groups (SHGs) first emerged in MYRADA, in 1985. In 1986/87 there were some 300 SHGs in MYRADA’s projects. Many had emerged from the breakdown of the large cooperatives organized by MYRADA. From the time that the first SHGs emerged in 1985 to the inclusion of the SHG strategy in the annual plan for 2000/01 (Government of India, 2000), several important steps were taken by the National Bank for Agriculture and Rural Development (NABARD), the Reserve Bank of India (RBI) and leading NGOs, as well as by multilateral agencies, particularly IFAD. The SHG strategy is an important component of the Government’s overall thrust to mitigate poverty and has been included in every annual plan since 2000 (Aloysius P. Fernandez, 2006).

It is said that any long journey starts from a small, single step. So was the journey of the Self-Help Group – Bank Linkage Programme – from linking a pilot of 500 SHGs of rural poor two decades ago, it now boasts of the world’s largest microfinance initiatives with over 7.4 million SHGs representing 97 million rural households directly becoming part of this great movement. Geographically its tentacles have now spread to every nook and corner of India – from the desert sands of Rajasthan to the forest villages of Arunachal Pradesh and from the inaccessible terrain of Jammu and Kashmir to the serene coastal villages of Lakshadweep Islands. The movement which started as a link between the “unbankable” rural poor and the formal banking system to cater to the microcredit needs of the poor, now boasts of a group savings of a whopping Rs 330001 crores (70 per cent of which goes for internal lending and the balance in the SB accounts of the groups), from a very miniscule proportion of total bank credit to a credit outstanding of Rs 43000 crores (excluding nearly Rs 23000 crores lent to members from groups’ own savings). With over 84 per cent of these being all women groups, the poor rural women in India now controls a financial business with turnover of nearly Rs 1,00,000 crores (deposits + credit) – much more than most of the MNCs in India. There have been numerous success stories of the poor SHG members showing exemplary entrepreneurial qualities to come out of the vicious circle of poverty and indebtedness with the help of SHGs. The tremendous impact on the social status of the poor rural women

becoming bread earners of their households through the instrument of SHGs has been highly commended by many independent researchers. This incredible success story of SHG-BLP has shaken the age-old perception that poor are “not bankable”. In fact, many developmental efforts of Government and non-governmental agencies now rely on SHG-BLP for their effective delivery. Even internationally, Indian experience of SHG-BLP has been recognized as the largest and most successful microcredit initiative in the world (NABARD, 2014).

PROGRESS UNDER MFI-BANK LINKAGE PROGRAMME

The Progress under MFI-Bank linkage programme during the last 4 years is shown in Table-1.1. Table clearly shows that during the year 2010-11, 8448.96 lakh were disbursed to MFIs as loan by the banks. While in 2011-12 it came down to 5205.29 lakh. In the year loan disbursed to MFIs during the year 2012-13 was 7839.51 lakh which again come down to 1082.49 lakh in the year 2013-14. On the other hand, the amount of outstanding loans against MFIs during the year 2010-11, 2011-12, 2012-13 and 2013-14 was 13730.62 lakh, 11450.35 lakh, 14425.84 lakh and 16517.43 lakh respectively. With regard to the number of MFIs, those got loans from banks, Table reveals a declining trend till 2012-13. In the year 2010-11, 471 MFIs got loans, which came down to 426 MFIs in the year 2012-13. But during the year 2013-14, this number increased to 545 MFIs.

Table 1.1: Progress under MFI-Bank Linkage Programme (crore)

Particulars	2010-11		2011-12		2012-13		2013-14	
	No. of MFIs	Amount	No. of MFIs	Amount	No. of MFIs	Amount	No. of MFIs	Amount
loans disbursed by banks to MFIs	471 (-39.5)	8448.96 (-21.3)	465 (-1.3)	5205.29 (-38.39)	426 (-8.4)	7839.51 (50.6)	545 (27.9)	1082.49 (31.16)
Loans outstanding against MFIs as on 31 March	2315 (39.5)	13730.62 (-2.0)	1960 (-15.3)	11450.35 (-16.6)	2042 (4.2)	14425.84 (26)	2422 (18.6)	16517.43 (14.5)
Loans Outstanding as % of fresh loans		162.51		219.98		184.01		160.64

Source: Status of Microfinance in India: NABARD, Report-2013-14

Note: (i) Figures in parentheses indicate percentage growth / decline over the previous year

(ii) Actual number of MFIs availing loans from banks would be less than the figures shown, as most of MFIs avail loans from more than one bank

MICRO-FINANCING AND GROWTH OF SELF-HELP GROUPS IN HIMACHAL PRADESH

In Himachal Pradesh nearly 63,775 SHGs, covering approximately Rs 6.37 lakh rural households having saving bank accounts with banks as on 31st march, 2014 operative in the state promoted by Department of Social Justice and Empowerment and various NGOs. The study also examined that out of 63,775 saving linked SHGs, 55,372 SHGs had availed loans from various banks as on 31st march, 2014 and the loan outstanding to them were to the tune of Rs 200.15 crore. As on 31st March, 2014 nearly 942 JLGs have been provided credit amounting to Rs 784.55 lakh by banks in the State. For propagating SHG Bank Linkage Programme and Joint Liability Group scheme NABARD is partnering with about 73 SHPIs/JLGPIs in the state. Further NABARD facilitates short duration skill development training for SHG members, having availed more than once credit facility from banks.

Table 1.2: Physical and financial targets and achievements under NRLM (up to 31-12-2014)

District	Physical (SHG Bank Linkage)		Financial (in lakh)	
	Target of SHG	Achievement	Credit Target	Credit Mobilized
Bilaspur	491 (6.13)	175 (4.63)	294 (6.12)	158.12 (7.21)
Chamba	1314 (16.4)	62 (1.64)	788 (16.41)	95.03 (4.33)
Hamirpur	553 (6.91)	111 (2.93)	331 (6.89)	262.20 (11.96)
Kangra	1792 (22.4)	66 (1.74)	1075 (22.39)	434.60 (19.83)
Kinnaur	80 (1.0)	108 (2.85)	48 (1.0)	25.80 (1.17)
Kullu	319 (3.98)	123 (3.25)	192 (4.0)	87.20 (3.98)
L & Spiti	68 (0.85)	71 (1.87)	41 (0.85)	27.10 (1.23)
Mandi	1171 (14.63)	673 (17.8)	704 (14.66)	451.27 (20.59)
Shimla	898 (11.22)	2275 (60.2)	539 (11.22)	407.02 (18.5)
Sirmaur	388 (4.85)	44 (1.16)	232 (4.83)	64.57 (2.94)
Solan	496 (6.2)	34 (0.89)	298 (6.20)	116.13 (5.30)
Una	430 (5.37)	37 (0.97)	258 (5.37)	61.75 (2.81)
Himachal Pradesh	8000 (100)	3779 (100)	4800 (100)	2190.79 (100)
Average	667	315	400	183

Source: Economic Survey of Himachal Pradesh-2014.

During 2014-15 (up to 31-12-2014) 37 number of Micro Entrepreneurship Development Programme (MEDP) have been sanctioned to various SHPI partners, which resulted into 990 SHG members training for undertaking livelihood activity either individually or in group mode (**Economic Survey, 2014-15**). The Swarnajayanti Gram Swarozgar Yojana (SGSY) has been replaced by the National Rural Livelihood Mission (NRLM) w.e.f 1.4.2013 which is being implemented in a phased manner in 5 Blocks/ districts of the State. The identified Blocks are Kandaghat, Basantpur, Mandi Sadar, Nurpur and Haroli as pilot blocks in 1st Phase. Apart from above under NRLM for generation of Self Employment activities like Credit mobilization formation of women SHGs, capacity Building and Institution Buildings are proposed for implementation. For the current financial year annual action plan for Rs 7.84 crore has been approved by the government of India for implementation of aforesaid activities. Average target of SHG in Himachal Pradesh was 667 but the average achievement was 315. The gaps between both were 352. On an average, the credit target in financial terms was 400 lakh and credit achievements were 183 lakhs. The unutilized amount was (400 lakh-183 lakh) =217 lakh. ‘Lack of awareness’ among the members or ‘Lack of interest’ among SGSY officers or lack of field staff or expert or DRDA agency etc. About SGSY schemes has been noted here.

Total 8,000 women SHGs are proposed for assistance by providing credit of Rs 48.00 crore. Under NRLM 2 Districts Viz Shimla and Mandi have been undertaken for the implementation of additional interest subvention where Interest applicable on credit disbursed to WSHG would be 4 per cent and in rest of the 10 Districts rate of interest on credit mobilization has been fixed 7 per cent per annum. But the aforesaid interest rates would be applicable only to those WSHGs who are prompt in repayment of loans within the fixed timeline (**Economic survey, 2014-15**).

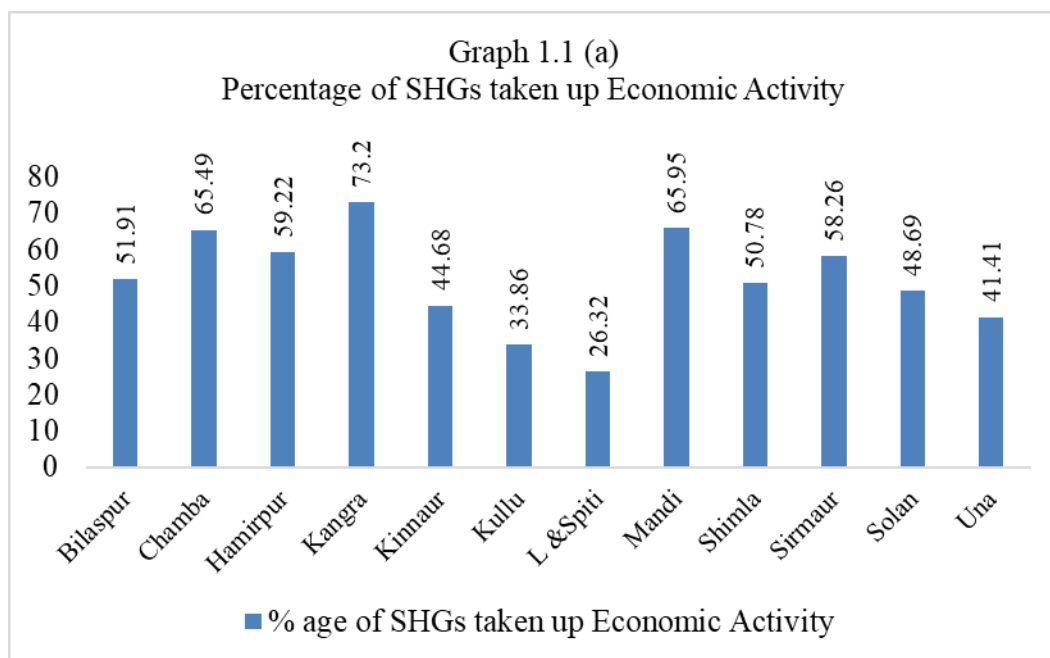
As said earlier that in Himachal Pradesh, majority of self-help groups were created under rural development programme namely, SGSY (now it is known as NRLM). Hence, it is important to evaluate the number of SHGs and SHGs taken up economic activities under this programme. The district-wise detail of SHGs formed and assisted under SGSY/NRLM since 1999 to 2013 has been elaborated in Table 1.3. Figure 1.1 clearly indicates that the percentage of those SHGs who have started economic activities was very low. In totality, out of total 13254 SHGs created in Himachal Pradesh, only 7657 SHGs have taken up economic activity that accounts for 57.77 per cent. The percentage of SHGs started economic activity was in Kangra district (73.20 per cent), followed by Mandi district (65.95 per cent), Chamba district (65.49 per cent) and Hamirpur district (59.22 per cent)

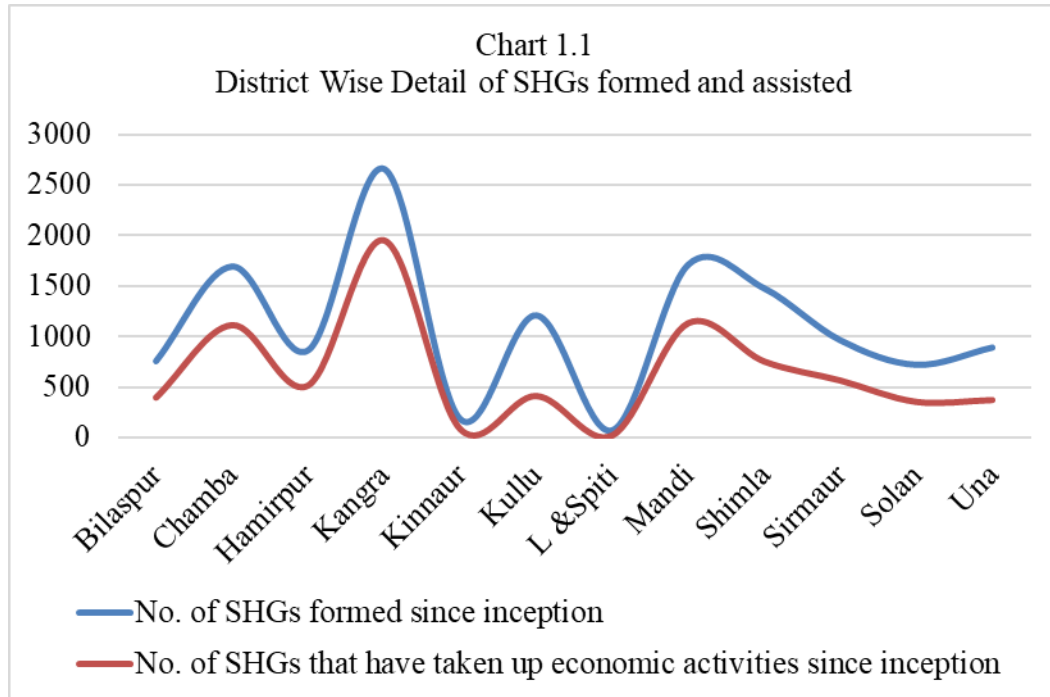
Table 1.3: District Wise Detail of SHGs formed and Assisted since Inception of the scheme (1-4-1999to 31-3-2013)

Sr. No.	Districts	No. of SHGs formed since inception	No. of SHGs that have taken up economic activities since inception	per cent age of SHGs taken up Economic Activity
1	Bilaspur	761	395	51.91
2	Chamba	1698	1112	65.49
3	Hamirpur	868	514	59.22
4	Kangra	2664	1950	73.20
5	Kinnaur	188	84	44.68
6	Kullu	1214	411	33.86
7	L &Spiti	76	20	26.32
8	Mandi	1715	1131	65.95
9	Shimla	1481	752	50.78
10	Sirmaur	968	564	58.26
11	Solan	725	353	48.69
12	Una	896	371	41.41
	Total	13254	7657	57.77

Source: Annual Administrative Report 2013-14, Department of Rural Development Himachal Pradesh Shimla.

The lowest percentage was in Lahaul & Spiti (26.32 per cent) and Kullu district (33.86 per cent). This indicates that good numbers of SHGs have been created in the state, but all the SHGs have not been given financial assistant.





CONCLUSION

The inability of the credit institutions to deal with the credit requirements of the poor particularly poor women in rural areas effectively has led to the emergence of the microfinance and micro credit system for the poor. In rural India, it can be seen that poor sections of the society and destitute cannot avail the credit from banks and other formal financial institutions-due to their inability to deposit collateral security and mortgage property. The Government sponsored poverty alleviation programmes are involved centrally and planned without participation of the local people, and therefore fail to address the needs and requirement of the poor. Lacks of participatory approach in planning and execution of these programmes result in complete failure to improve social and economic conditions of the poor masses for which they were evolved. At this point, micro financing is looked upon as an instrument that can be considered as the golden stick to generate income and employment and an important approach to poverty alleviation and enhancement of living standards, particularly of women.

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