

## SELF HELP GROUPS UNDER SGSY

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### ABSTRACT

To appraise the general and financial management practices adopted by SHGs and to assess the saving and lending activities are main objective of the SHGs. The SGSY covers all aspects of self employment of the rural poor through Self Help Group and their capacity building, training, selection of key activities, planning of activity clusters, infrastructure built up, technology and market support etc besides financial assistance in the form of subsidy by Government and credit by the banks. The SHGs Promoting Institutions train the members of Self Help Groups in various areas of income generating activities. The present paper appraises the general and financial management practices of Self Help Groups formed under SGSY along with evaluating their financial discipline in saving and lending behavior.

**Keywords:** capacity building, financial discipline, managerial practices, Self Help Groups

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**Introduction:**

SGSY is holistic Scheme covering all aspects of self-employment such as organization of the poor into Self Help Groups, training, credit, technology, infrastructure and marketing. The scheme will be funded by the financial institutions, Panchayat Raj Institutions, District Rural Development Agencies (DRDAs), Non Government Organisation (NGOs), Technical institutions in the district; will be involved in the process of planning, implementation and monitoring of the scheme. NGO's help may be sought in the formation and nurturing of the Self Help Groups (SHGs) as well as in the monitoring of the progress of the Swarozgaris. Where feasible their services may be utilized in the provision of technology support, quality control of the products and as recovery monitors cum facilitators. The scheme aims at establishing a large number of micro enterprises in the rural areas. The list of Below Poverty Line (BPL) households identified through BPL census duly approved by Gram Sabha will form the basis for identification of families for assistance under SGSY. The objective of SGSY is to bring assisted family above the poverty line within three years by providing them income generating assets through a mix of bank credit and Government subsidy. The rural poor such as those with land, landless labour, educated unemployed, rural artisans and disable are covered under the scheme. The assisted families known as Swarozgaris can be either individuals or groups and would be selected from BPL families by a three member team consisting of Block Development Officer, Banker and Sarpanch. SGSY will focus on vulnerable section of the rural poor. Accordingly the SC/ST will account for at least 50%, Women 40% and the disabled 3% of those assisted.

The Swarnjayanti Gram Swarozgar Yojana (SGSY) is the major ongoing programme for the self employment of rural poor at present. The programme was started with effect from 01.04.1999 after reviewing and restructuring of erstwhile IRDP and allied programmes, namely, TRYSEM, DWCRA, SITRA and GKY, besides MWS. The scheme is financed on 75:25 cost-sharing basis between the Centre and the State. The programmes aims at establishing a large number of micro-enterprises in rural areas based on the ability of the poor and potential of each area. Assistance under SGSY to individual Swarozagaries or Self Help Groups (SHGs) is given in the form of subsidy by government and credit by the banks. Credit is the critical component of the SGSY, subsidy being a minor and enabling element. The SGSY also seeks to promote multiple credits rather than a onetime credit injection. For group of Swarozagaries, the subsidy is

50% of the cost of the scheme, subject to per capita subsidy of 10,000 or 1.25 lakh whichever is less. There is no monetary limit on subsidy for irrigation projects. Thus, SGSY is different from earlier Programmes, in terms of the strategy envisaged for its implementation. It covers all aspects of self-employment of the rural poor viz; organization of the poor into Self Help Groups (SHGs) and their capacity building, training, selection of key activities, planning of activity clusters, infrastructure built up, technology and marketing support. The scheme emphasizes on process approach and building the capacity of the rural poor. It is based on the belief that rural poor in India have competencies and given the right support could become successful producers of valuable goods/services. The SGSY guideline requires that the SHG should be drawn out from the BPL list approved by the gram sabha. The SHGs broadly goes through three stages of evolution viz; group formation, capital formation through revolving fund and the skill development and finally taking up of the economic activity *for* income generation.

The Self Help Promoting Institutions (SHPIs); generally non-Government organizations, social workers, village level workers, informal association of local people, community based organizations, government departments, banks, former clubs etc. facilitate the formation and nurturing of Self Help Groups. They identify and interact with poor families especially rural poor to form the small homogeneous group. The group members are encouraged to meet regularly on a fixed time and date to discuss their common problems, pool the mandatory savings and rotate the same among needy members. Once the group shows mature financial behavior, they are facilitated to receive external funds in certain multiples of their accumulated savings. Small loans, from the corpus thus created, are given to needy members. In its normal course of business the group continues to decide the terms and conditions of the loan to be given to their members and keep rotating the pooled fund among members. Henceforth, in order to enhance group's capacity and reduce their dependency on outside facilitating agencies, the SHPIs train the members of Self Help Groups in various areas of human development skills, entrepreneurial skills, managerial/technical/financial skills and skills in income generating activities. The process helps the SHG members imbibe the essentials of financial discipline including prioritization of needs, setting terms and conditions, frequent and matured transaction behavior and account keeping etc. The present effort is an attempt to appraise the performance of Self Help Groups formed under SGSY in concerned areas of financial and entrepreneurial maturity.

**Conclusion:**

The efficient general and managerial practices reflected in matured financial discipline in saving and lending behaviour is an integral part of successful running of a Self Help Group. The present effort explored that most of the sampled SHGs find it convenient to operate on monthly basis with written down rules and regulations. The member's participation and discussions in meetings etc was fairly high. However, the rules and regulations have rarely been updated in most of the SHGs. Further, only 36% of the sampled SHGs have reported awareness about objective of the SHG movement among their members. In two third of the cases the minutes register was maintained by NGO representatives/facilitators. Moreover, in spite of healthy savings and lending practices and proper arrangement of records, around 47% SHGs reported inability of members in making the mandatory payment at some point or other. A considerable proportion of sample SHGs also reported delaying in repayment of loans due to absence of penal interest from defaulting members. Therefore, the study offers following suggestions for enhancing financial and entrepreneurial maturity of Self Help Groups. The provision of more time in training and discussion on book keeping, financial, managerial and entrepreneurial activities, especially by private consultancy firms, along with live discussion of success stories of the SHG movement will help promote healthy entrepreneurial engagements. An intensive awareness camp, workshop and entrepreneurship development programme on potential income generating activities in the locality will open new avenues of income which in turn, smooth promptness as well as punctuality in saving and lending practices of the members. A frequent interaction of various groups operating in the locality will ensure efficiency of the group members in solving day-to-day problems.

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