

Role of Self-help Groups in the Economic Development of Rural Areas of Assam with reference to Chaygaon Block of Kamrup District, Assam, India

Shikha Gupta*

Assistant Professor, Department of Commerce, Pune Institute of Business Management, Guwahati, Assam, India

ABSTRACT

Self-help Groups, also known as support groups, are groups of people who provide mutual support to each other in times of need. In the self-help groups, the members share a common problem and work for a common purpose. In India, at least more than half of the population lives in rural areas. So, we can ultimately say that if the rural areas, i.e. the villages, are developed, it will lead to the country's development. Thus, rural people must be employed, earn their livelihood, and contribute a bit to the national income. In Assam, the State Institute of Rural Development (SIRD), situated in the Khanapara area of Guwahati, is the most important institute who looks after and is engaged in developing the Self-help Groups in the rural area with the help of providing various training and awareness program. In India, almost more than 60% of the Indian population cannot get formal financial services. Women's self-help movement has emerged as an important strategy for achieving financial inclusion, contributing to inclusive growth, and generating social capital in providing the most effective financial inclusion instrument. SHG's play a vital role in developing the rural areas and uplift the livelihood of the rural people. They mainly work by collecting funds from the group members, utilizing them for various productive purposes, and lending them to others who need them. The present study is done by the researcher mainly to study the role and importance of SHG's in the economic development of the rural areas of Assam and to know about the government initiatives in promoting the SHG's for rural livelihood.

Keywords: Economic development, Rural areas, Rural livelihood, Self-help Groups.

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INTRODUCTION

Aimed to address the twin issue of poverty and unemployment in rural areas, the government launched the Integrated Rural Development Programme (IRPD) in 1979. This program aims to provide employment opportunities to the rural people and opportunities to develop their skill sets to improve their living conditions and, in return, increase their livelihood. Since the literacy rates are increasing in the rural areas gradually, they are striving to cross the boundaries of walls and take a position in society. In Assam, most people live in rural areas, and most of them are not financially sound. On the other hand, a maximum of the rural people is unemployed due to various reasons. So, by establishing Self-help Groups (SHG's) in the rural areas, it helps to improve the conditions of the rural people and reduces their livelihood issues. Self-Help Groups (SHGs) have become the vehicle of change in the rural areas, transforming the lives of the marginalized (Dutta, 2017). SHGs organize the poor and the marginalized to join hands to solve their problems, and the method has been very successfully used by the Government and Non-Government Organizations in achieving several goals. As a form of enterprise, SHG performs the role of collective banks and enterprises and ensures better access to loans with a lower interest rate for the rural people whenever

Corresponding Author: Shikha Gupta, Assistant Professor, Department of Commerce, Pune Institute of Business Management, Guwahati, Assam, India. Email: shikhagupta319@gmail.com

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needed. They provide a support system to increase the economic development of the rural areas, and as we know, the development of rural areas will increase the country's economic development. In Assam, the State Institute of Rural Development (SIRD) provides the necessary support, i.e., training and research, to the Self-help Groups for its development. Self-Help Groups (SHGs) have become the vehicle of change in the rural areas, transforming the lives of the rural people and increasing their standard of living. They realize that problems cannot be solved alone or by a single agency; small voluntary groups get together to pool their resources, skills, and talent to better their lives.

IMPORTANCE OF THE STUDY

Development of village will lead to the development of the country. Since 70% of the population of our country lives in rural areas, it is important that the issues faced by their light. Unemployment and poverty are the burning problems of the economy. By establishing SHGs, many rural people have been employed and contributing a bit to the national income. SIRD contributes to the development of the rural sector by encouraging the rural people to create self-help groups and employ village people in different activities.

REVIEW OF LITERATURE

Swain (2007) surveyed 1000 households based on the quasi-experimental sampling design to know the impact of SHG Bank Linkage Programme. There is an increase in level among respondents, ability of decision-making, and but side by side, and there is an increase in domestic violence due to women's economic independence.

Keshavaet al. (2010), in their study on SHGs in Punjab revealed that the majority of SHG members had started Income Generating Activities (IGAs) relating to agriculture and allied sectors. They also remarked that fewer resource persons faced difficulty in carrying out any new IGAs as it requires investment in terms of money and workforce; conversely, groups of like-minded people can run away venture easily.

Sarmah (2012) surveyed Lakhimpur District of Assam, wherein 200 SHGs members were interviewed. It explored various socio-economic and institutional constraints related to women empowerment of different social groups under SHGs and suggested measures to overcome these constraints.

Rama Krishna and Mohinuddeen (2013) elaborate on the importance and performance of SHGs in women empowerment. Significant findings of the study are that SHG members have been empowered through microfinance activities. They have engaged themselves in self-employment activities like papad and pickles making, dairy activities, agricultural activities, etc. This has enhanced the quality and standard of their life. Microfinance can be synergetic if exercise through SHG and may eradicate poverty and family problems.

In their study, barman and Bhattacharjya (2015) examined the relationship between self-help groups and socio-economic development in the rural community of Chaygaon block of Assam. The study found that most of the members of SHGs were poor women and mostly from remote areas, so they face problems in reaching the bank and government offices for official purposes and financial support, and moreover, they find the problem in marketing their products. The study also found a positive relationship between SHGs and rural and socio-economic development of rural areas.

Mahadev. In his study, S. Terdal (2018) tried to find the relationship between Self-help Groups (SHGs) and socio-

economic development of rural community in general and women in India and suggest suitable measures for the effective improvement of the functioning of SHGs in improving the socio-economic conditions of the rural people. In this study, it was found that the SHG approach is a new instance in the field of rural development, and it primarily aims to improve the living condition of the rural poor by creating sustainable community-based institutions to help the rural people.

OBJECTIVES OF THE STUDY

The present study was conducted with the following objectives:

- To examine the role of Self-help Groups (SHG's) in the economic development of rural areas.
- To study the initiative of the government in promoting the SHG for the rural livelihood of rural people.
- To identify the issues and challenges faced by SHG's in promoting rural livelihood.

RESEARCH METHODOLOGY

In this study, the researcher adopted a descriptive research design as it focuses on the perception of village people regarding creating SHG's for their economic soundness. For data collection, the researcher collected data from both primary and secondary sources. Under this study, the researcher had a personal interview in around 30 units of SHGs of Chaygaon area of Assam, India. Here, the researcher adopted the convenience sampling method by choosing respondents for an interview as per their convenience. The secondary data were collected with the help of various sources such as newspapers, magazines, books, journals, conference proceedings, government reports, and websites.

SCOPE OF THE STUDY

The research study covers the important employment generated sector in the rural areas i.e. Self-help Groups. The research study is done with particular reference to Chaygaon block of Assam. It is seen that most of the villagers are engaged in employing themselves by forming some self-help groups with the help of SIRD effort. Thus, these SHG's are helpful in economic upliftment and increase the livelihood of the village people.

OVERVIEW OF SELF-HELP GROUPS

Concept of Self-help Groups

The concept of SHG services the principle, 'by the women, of the women, and for the women.' Self-help groups are voluntary associations of people with common interests formed to achieve collective social and economic goals. Such groups are organized for mutual help and benefit. It is formed democratically without any political affiliations (Terdal, 2018).

They may comprise 15–20 women and/or men, although they generally consist exclusively of women members. Self-help Groups refer to a self-governed and informal group of people with the same socio-economic background to perform a common purpose. Here, poor people voluntarily come together to save whatever money they can save conveniently out of their earnings, contribute to a common fund, and lend to the members who need funds to meet their needs.

The basis of the self-help groups exists before any intervention. The members are linked by a common bond like caste, sub-caste, blood, community, place of origin, or activity. Whether from the NGO, Bank, or Government,

the interveners must have the experience to identify these natural groups, which are commonly called “Affinity Groups”. Even when group members are engaged in a similar traditional activity, like basket weaving, the basis of the group’s affinity is a common caste or origin. The self-help group is not a static institution, it grows on the resources and management skills of its members and their increasing confidence to get involved in issues and programmes that require their involvement in the public and private regions.

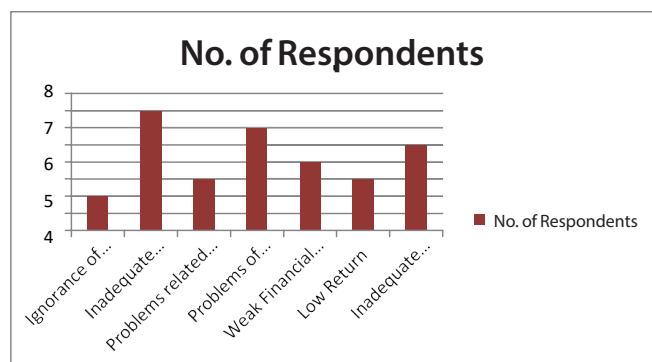
CHALLENGES AND ISSUES FACED BY SHGs OF ASSAM IN PROMOTING RURAL LIVELIHOOD

The various challenges and issues faced by the SHGs in promoting rural livelihood in Assam are as follows:

Table 1: Challenges and Issues faced by the SHGs in Assam in promoting rural livelihoods

Challenges and Issues	No. of Respondents	Percentage
Ignorance of Members	2	6.67%
Inadequate Training Facilities	7	23.33%
Problems related with Raw Materials	3	10%
Problems of Marketing	6	20%
Weak Financial Management	4	13.33%
Low Return	3	10%
Inadequate Financial Assistance	5	16.67%

(Source: Field Survey)



(Source:FieldSurvey)

Table 2: SHGs profile entry status in India

S. No.	State Name	District Count		Block Count		SHGs Count	
		Total Districts	Number of Districts where SHGs entry has started	Total Blocks	Number of Blocks where SHGs entry has started	Total SHGs	SHGs with less than 5 Members
1	AndhraPradesh	13	13	662	662	703400	945
2	Assam	33	33	219	219	287319	40
3	Bihar	38	38	534	534	954442	889
4	Chhattisgarh	27	27	146	146	185638	783
5	Gujarat	33	33	248	248	253029	680
6	Jharkhand	24	24	263	263	236873	9968
7	Karnataka	30	30	176	176	228582	3752
8	Kerala	14	14	152	152	235848	182
9	MadhyaPradesh	52	52	313	313	309937	232
10	Maharashtra	34	34	351	351	482554	403
11	Odisha	30	30	314	314	436001	3523
12	Rajasthan	33	33	295	292	166278	1935
13	Tamil Nadu	31	31	385	385	296093	11215
14	Telengana	32	32	542	536	371101	0
15	Uttar Pradesh	75	75	823	821	383960	4858
16	West Bengal	22	22	342	342	861531	5168
Sub total		521	521	5765	5754	6392586	44573

North West States							
Sl No.	State Name	District Count		Block Count		SHGs Count	
		Total Districts	Number of Districts where SHGs entry has started	Total Blocks	Number of Blocks where SHGs entry has started	Total SHGs	SHGs with less than 5 Members
1	Haryana	22	22	141	138	41304	45
2	Himachal Pradesh	12	12	80	80	26302	173
3	Jammu and Kashmir	20	20	125	96	43990	11
4	Punjab	22	22	150	105	19675	28
5	Uttarakhand	13	13	95	95	31918	89
Sub Total		89	89	591	514	159919	346

North East States							
Sl No.	State Name	District Count		Block Count		SHGs Count	
		Total Districts	Number of Districts where SHGs entry has started	Total Blocks	Number of Blocks where SHGs entry has started	Total SHGs	SHGs with less than 5 Members
1	Arunachal Pradesh	25	15	114	38	3000	4
2	Manipur	16	3	70	7	2024	0
3	Meghalaya	11	11	46	46	25891	53
4	Mizoram	11	11	26	26	6303	19
5	Nagaland	11	11	74	72	11476	80
6	Tripura	8	8	32	32	5027	14
7	Sikkim	4	4	58	58	23776	93
Sub Total		86	63	420	279	77497	263

Table 3: SHGs Count in Chaygaon Block of Kamrup District of Assam

Sl No.	Village Name	SHGs Count: Total SHGs
1	Bihdia village	38
2	Dagaon Katahi Village	17
3	Majpara Village	12
4	Makeli Village	39
5	No 1 Balasidhi Village	22
6	No 2 Balasidhi Village	24
Total		152

(Source: National Rural Livelihood Mission)

- The majority of SHGs members are unaware of the various schemes and benefits provided by the authorities for creating awareness among all the group members. Also, many members are ignorant about the scheme.
- The training facilities provided or given to the members of the group of SHGs are inadequate to compete with the strong units.
- The SHGs normally buy raw materials in smaller quantities, and because of this, they do not benefit from large-scale purchases of raw materials. Also, there is no arrangement to store the stock of raw materials if purchased in bulk quantities. They mostly have no connections with the

major suppliers of raw materials. This causes a high cost of raw materials.

- SHGs face many problems in marketing the products which they produce. The major problems relating to marketing are lack of sufficient orders, lack of connection or link with the marketing agencies, lack of adequate sales promotion major, lack or absence of proper brand name, etc.
- SHGs also face challenges or issues because of weak financial management. Many units of SHGs are unable to invest further the returns from the business properly, and that funds or returns are diverted in different other personal purposes like marriage etc.
- Due to inefficient management and the high cost of production, the return on investment by the SHGs is not attractive in certain groups.
- Last but not least, inadequate financial assistance is also one of the issues faced by SHGs. The financial assistance provided by various agencies is not adequate to meet their actual requirements.

GOVERNMENT INITIATIVES TO PROMOTE SHGs

Government has taken various initiatives to empower and promote rural areas and also to promote the SHGs. NABARD

(National Bank for Agriculture and Rural Development) took a revolutionary initiative by linking these groups with banks i.e., Self-help Group Bank Linkage Programme (SBLP). Over the years, this program has made tremendous progress for the upliftment of the rural poor, resulting in making the Self-help Group – Bank Linkage Programme as world’s most extensive micro-finance program. Presently, it benefits 10 crore households by 85 lakhs self-help groups across the country with 16,114 crore as deposits and annual loan off take of 38800 crores and an outstanding amount of 61,600 crores (Gupta and Sharma, 2017). Deen Dayal Antodaya Yojana (earlier Ajeevika) was launched with a focus on SHGs. The mission has sought to build capacity through grassroots-level institutions by putting a dedicated and sensitive support structure to help promote the SHGs. Priyadarshini scheme was launched by the government, which has aimed at women empowerment and livelihood enhancement through SHGs. NABARD is the nodal agency for its implementation. To enable the members of SHGs to take up livelihood activities, NABARD has been supporting Micro-enterprise development and Livelihood and Enterprise Development Programmes for SHGs. Also, along with the initiatives mentioned above, other schemes and programs were implemented by the government such as Mahila Samridhi Yojana (Micro Finance Scheme for Women), Krishi Sampada, New Swarnima for women, Pradhan Mantri Awas Yojana-Grameen (PMAY-G), Self-help Groups Bank Linkage Programme, and others to help and promote SHGs for increasing rural livelihood.

FINDINGS AND INTERPRETATIONS

The study covered over 30 units of SHGs in Chaygaon block of Kamrup District of Assam. The major findings of the research study are given below:

- The researcher found that maximum numbers of groups comprise of people of younger ages. It leads to more success in SHGs and overall economic development of the area.
- The size of the group plays an important role in the process of group dynamics. Most of the respondents (88%) belonged to the SHGs whose group size is 10-15 members. The size of the group was stable during the study period.
- There is a scope for improvement of the credit recovery scenario. Almost every respondent has been found repaying loans regularly.
- The average level of education of the group members is below matriculation level.
- The group movement has a contrasting effect on the lifestyle of the group members. It has facilitated discernible economic growth for individual group members. The movement has made substantial positive changes in members who have realized the value of time and positive thinking.
- The main focus of the groups seems to be to expand the group’s current activities and most of them have accorded

top priority to consolidation to sustain economic growth. Education of their children acquiring property comes next in their list of priorities.

- By forming SHGs in rural areas, they provide various employment facilities to uneducated and unemployed people of the village, thus improving their livelihood and their standard of living. With the help of SHGs the village people engaged themselves in Agriculture, Dairy farming, Poultry farming, handlooms, and presently also in making masks, etc., which help them reduce their livelihood issues.
- The SHGs also provide short-term loans at a reasonable interest rate with less documentation to the needy village farmers or other people to meet their financial needs. In this way, these SHGs help in the economic upliftment of the village people.
- The research study found that the village people are highly benefitted by joining themselves in SHGs. They also benefit from various schemes and facilities provided by the government and get funds from their group as and when they require at minimum rates.

SUGGESTIONS AND RECOMMENDATIONS

Based on the findings and the interaction with respondents, the following suggestion can be forwarded:

- The village SHGs people are not aware of the different incentives schemes and assistance provided by the government. So proper steps need to be taken to increase the awareness level.
- The group people may extend their business activities at a national or international level through attaining various executions. By doing this, they can support them in their financial condition, and on the other hand, this will lead to the economic development of the village and the country. For that purpose, the government or other related governments shall provide necessary training facilities to the SHGs to develop their skills and confidence.
- During the research, members of the groups were basically related to few of the areas such as poultry, agriculture, weaving, bamboo products, and so on with an old traditional system. Other untapped areas need to be ventured by the group members.

LIMITATIONS OF THE STUDY

Limitations in research are the result of some of the obstacles during the study. They are the result of some technical or other issues. Though the sincere effort is to minimize the limitations, however, some issues have crept in due to the following reasons:

- There was insufficient time to carry out a detailed and broader survey, which could have been helpful in depicting a better picture of the study.
- The study covers only limited respondents of the SHGs in the specific area, i.e., Chaygaon area of Kamrup District.

- The sample size may not be the true representation of the entire population as they are selected based on convenience.
- In the personal interview method, the respondent was reluctant to answer some questions. It has hampered the study.

CONCLUSION

In a country like India, where most of the population lives in rural areas, economic development is possible only when rural masses are developed. Self-help Groups have been playing a significant role in improving the standard of living and rural livelihoods of the people and helps in rural development. However, these Self-help Groups seem to be more women-centric because of which male group of people sometimes feels inconvenient or not comfortable to work along with the women groups. There must be equality between both groups, and reasons for the SHGs to be more women-centric can be found for further study.

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