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***"SOCIO ECONOMIC IMPLICATIONS OF SELF HELP GROUPS AND FINANCIAL INCLUSION IN SIKKIM"***

**<sup>1</sup>Dimee Bhutia ,<sup>2</sup>Dr. ShatraJit Goswami <sup>3</sup>Rakchanda Chhetri**

<sup>1</sup>and<sup>3</sup>.Research Scholar Department of Economics, SRM University Sikkim, 5<sup>th</sup>mile  
Tadong,Gangtok, Sikkim.

<sup>2</sup>Associate professor Department of Economics, SRM University Sikkim, 5<sup>th</sup>mile  
Tadong,Gangtok, Sikkim

**Abstract**

The aim of this study is to analyse socio economic implications on self help groups through the policy and programs of the government such as NRLM. The paper identifies financial inclusion as a tool for development and how the government integrates financial inclusion within its programs through policies for self help groups. The numeric data collected are from the state of Sikkim and comparisons are made with context to the state. The other spectrum of social implication is brought to light through social inclusion policies of the government where the poor and the vulnerable majority are in focus. This paper traces the growth of self help groups in Sikkim and highlights the connection between financial inclusion and self help group. This paper concludes on how the government is reaching out to bring about growth and development to the poor and vulnerable majority by equipping and guiding them with the help of policies, programs and SHGs.

Key points: Self help group, women, policies, Programs, Financial.

**Introduction**

Self help group is a fairly new but well known concept, which has been around for more than two decades now. A self help group is a financial intermediary committee generally consisting of 10 to 20 local women or men. A majority of self help groups are located in India; though self help groups can be found in other countries, predominantly in south Asia and Southeast Asia.

Self-help groups can serve many different purposes depending on the situation and the need. For example, within the development sector, self-help groups have been used as an effective strategy for poverty alleviation, human development and social empowerment, and are therefore often focused on microcredit programs and income-generating activities.

Over the past 20 years, self-help groups have been used in various forms in the disability sector, and self-help groups of people with disabilities and their families are engaged in a whole range of activities including health care, rehabilitation, education, microcredit and campaigning. Self-help groups can facilitate empowerment; belonging to a group is one of the principal means through which people with disabilities can participate in their

communities and it is through the involvement in groups that they can begin to develop their awareness and the ability to organize and take action and bring about change.

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Self help group is the brain child of “Grameen Bank of Bangladesh”, originating in 1976. Started by professor Muhammad Yunus. Who in 2006 received the Nobel peace prize for founding the Grameen bank and pioneering the concept of micro credit and microfinance.

Micro Finance: A Micro finance institution is an organization that provides microfinance services, ranging from small non scaled organization bank, financial NGO, or credit cooperative that provides financial services to the poor. According to MUHAMMED YUNUS, (Founder of Grameen Bank & Nobel Prize winner) “Poverty is not created by the poor, it is created by the structure of society and the policies pursued by society.

The Grameen Bank of Bangladesh witnessed significant growth between 2003 and 2007. As of October 2004, it got over 8.63 million members about 81,390 villages across Bangladesh, amongst which more than 90% are women participants.

The general term financial intermediary describes a firm whose main function is to borrow money from a set of people and lend it to another. The economies of scale in collective saving which sustains the availability of loans drive financial intermediaries to operate profitably. Such committees also help in reducing risk and transaction cost for both lenders and borrowers.

Self help groups run on collective power, they are a democratic organization. Self help group often comprise of members from the same community or region. This factor plays a major role in decreasing risk of default from borrowers, as the members are interconnected in the society they live in.

#### **Statement of the problem**

The major benefiter of self help groups are poor households, as individuals from poor households as an alternate organize themselves into self help groups. From a group of 15-20 to 100-150, members come together, regardless of their age and sex and create a pool fund with their savings. Through which small loans can be provided to members at lower interest rate. Self help groups can also avail bigger loans from banks, by acting as a collective and showcasing their microfinance activities, such as their regular savings. All the decisions small or big are discussed and decided amongst the members. Self help group also act as a platform where people can come together and discuss social issues. Also since the majority of self help group population are women in India, they act as a tool for women empowerment.

Financial inclusion is one of the many social issues that self help groups can assist. In simple term financial inclusion means that individuals and businesses have access to useful, affordable financial products and services that meet their need, such as transactions, payments, savings, credit and insurance delivered in a responsible and sustainable way. In recent times there is an alarming paradox of rapid economic growth with rapid growing inequality. Problems such as wealth gap, income gap, inequality of opportunity are on the rise.

The solution to this growing inequality is to regulate our economy into a sustainable economy, through the aid of financial inclusion. And in order to build an equitable world we must focus our efforts to reach those who are left out.

Money has become convenient today, money is simple now. But is it for everyone? Irregular income, social status, limited education, distance are few of the many factors that restrict the ability to save, borrow and spend money with convenience. Small businesses that we call the engine of our economic growth face adversities due to financial exclusion. Many of such small businesses are products of self help group, in India.

Financial institutions are a necessity to people who are vulnerable to shocks, such as natural disasters, medical emergencies, and economic crisis. Financial inclusion is a step forward to solving poverty and inequality. Around 1.7 billion out of 7 billion people in this world do not have access to financial services.

Thus financial inclusion must be a mainstream of a development strategy and not an extra amongst the many other strategies. When looking at financial sector development as a tool we need for overall economic development. There is a need to make financial sector inclusive of all segments of society.

#### Indian history of self help group.

Swarnajayanti Gram Swarajgar Yojna (SGSY) with the motto “for the people, of the people, by the people” was a scheme launched in 1999, whose aim was to provide self employment to people, by assisting poor families to crossover, above the poverty line by organizing them into self help groups through a mix of bank credit and government subsidy

Around 1980's many NGO's had started self help groups in saving and credit activities, amongst the disadvantaged sectors of the society. The RBI issued a circular dated July 24 1991 to commercial banks advising them to participate actively in the pilot project which linked self help groups with banks, and NABARD after consultation with few banks issued a set of guidelines on Feb. 26<sup>th</sup> 1992 called SHG- bank linkage mode [Bansal 2010].

In India 1992-93 the self help groups were with 225 in number which increased to 562425 during the year 2010-11.

The history of self help groups can be traced back to MYRADA. Mysore resettlement and development agency during 1985 which started with 300 self help groups.

The first phase of self help groups can be pointed to 1987-1992- NABARD which was funded by IFAD and the second phase to 1992 with SHG bank linkage program.

## **Research question**

- i) What makes a self help group different from a savings group or credit associations?
- ii) What can be done to make self help groups more successful in rural areas?
- iii) Any evidence on improved governance of local institutions (such as SHG's) resulting better livelihoods of poor?

## **Research objectives**

To examine the relationship of financial inclusion and self help group.

To examine the growth of SHGs in the state of Sikkim.

To examine socio economic implications of NRLM for SHGs.

## **Conceptual and operational definitions**

NRLM- National Rural Livelihood Mission is a poverty alleviation project implemented by Ministry of Rural Development, Government of India. This scheme is focused on promoting self-employment and organization of rural poor. The basic idea behind this programme is to organize the poor into SHG groups and make them capable for self-employment. In 1999 after restructuring Integrated Rural Development Programme(IRDP), Ministry of Rural Development (MoRD) launched Swarnajayanti Grameen Swarojgar Yojana (SGSY) to focus on promoting self-employment among rural poor. SGSY is now remodelled to form NRLM thereby plugging the shortfalls of SGSY programme.<sup>[1]</sup> This scheme was launched in 2011 with a budget of \$5.1 billion and is one of the flagship programmes of Ministry of Rural Development. This is one of the world's largest initiatives to improve the livelihood of poor. This programme is supported by the World Bank with a credit of \$1 Billion.<sup>[2]</sup> The scheme was succeeded by Deen Dayal Antyodaya Yojana on 25 September 2015.

CAPITALIZING-capitalize is to record a cost/expense on the balance sheet for the purposes of delaying full recognition of the expense. In general, capitalizing expenses is beneficial as companies acquiring new assets with long-term lifespan can amortize the costs. This is known as the process of capitalization. Capitalization may also refer to the concept of converting some idea into a business or investment. In finance, capitalization is a quantitative assessment of a firm's capital structure. When used this way, it sometimes also means to monetize.

REVOLVING FUND - A revolving fund is a fund or account that remains available to finance an organization's continuing operations without any fiscal year limitation, because the organization replenishes the fund by repaying money used from the account. Revolving funds have been used to support both government and non-profit operations.

In the case of revolving funds for a government project whose budget goes through annual parliamentary or other legislative appropriations that relate to a fiscal year then the unutilized balance may lapse after the close of the financial year. However it is restored the next year provided the agency concerned includes the amount in next year's appropriation.

NATIONAL COMMUNITY INVESTMENT FUND- (NCIF) is an impact investor and a 501 non-profit investment fund. NCIF invests in mission-oriented banks and other financial institutions in order to increase access to services and catalyze economic development in low-income and underserved communities. We support the mission-oriented banking industry by investing capital, creating innovative business opportunities, and facilitating the flow of funds from mainstream, philanthropic, socially responsible, and public sources. In addition, we supply research and impact metrics for banks and their investors and encourage collaboration through the NCIF Network. NCIF aspires to transform the financial industry so that responsible services are accessible to all and investments are valued based on social and environmental impact as well as financial performance.

SEED CAPITAL- The term seed capital refers to the type of financing used in the formation of a startup. Funding is provided by private investors usually in exchange for an equity stake in the company or for a share in the profits of a product. Much of the seed capital a company raises may come from sources close to its founders including family, friends, and other acquaintances. Obtaining seed capital is the first of four funding stages required for a start-up to become an established business.

MICRO INVESTING- A micro-investing platform is an application that allows users to regularly save small sums of money. Micro-investing platforms aim to remove traditional barriers to investing, such as brokerage account minimums, to encourage people to invest even if they have limited incomes and assets.

### **Theoretical framework**

Financial inclusion is an important factor for a wholesome development of any economy even the government has identified it and has set up various programmes to achieve social inclusion for the most vulnerable population of the country. Self help groups are one of those institutions that help achieve this goal of financial inclusion with assistance from the government through programmes such as NRLM .

## **CHAPTER II: REVIEW OF LITERATURE**

Various secondary sources like books and articles have been reviewed for the present research.

### **Socio economic implications:**

Editor: Hans Hjortsberg, 19 September 2019, NATUR VARDS VERKETA, [swedishepa.se]

“A socio-economic impact assessment is a structured way of a showing a proposal’s advantages and disadvantages for society as a whole and various parties” The cooperation’s objectives and responsibilities section explains how a socio-economic impact assessment weighs the socio-economic cost against the socio-economic benefit. Also further stating the kinds of impacts that are –social impacts – economic impacts and – environmental impacts.

## SHG's and SIKKIM

Cherrila wangchuk bhutia (Bureau chief – ICN Sikkim)

Article: Sikkim promotes and strengthens self help groups for women.

Dated: 23<sup>rd</sup> September 2017. (ICN WORLD) [icnnational.com]

“Self help groups have been making their mark across the nation and Sikkim has been no exception towards the movement that has created thousands of jobs for women, giving them the opportunity to earn their living and ultimately gaining independence both in the domestic and professional front”

Dr. Devaki Kutty has published a paper on “Redesigning women self help group training program for self employment” *Tactful Management Research Journal* ISSN: 2319-7943. She concludes in her study that the SHG membership enables the poor to be bankable and meaningful inclusion would make them self reliant. Synthesizing SHG program with skilfully designed training program can bequeath entrepreneurial qualities as well.

Prof.V.V.Bidnur has published a paper on “Role of self help group in women's lifewith reference to SangliMiraj and Kupwad Corporation area” In this paper the author states that SHG movement in India has been working in the right direction and it is a great yardstick to empower more and more women in social, cultural, economic, political and legal matters, for the interest of the family in particular and the nation in general.

Deshmukh-Randive (2004) has studied the impact of SHG in Andhra Pradesh. The study reveals that the SHG members after joining the group has been benefitted innumeraably ,there is a great change in their economic activity, their savings, income, financial assets has increased exponentially after joining SHGs. Apart from economic progress, the group members have become socially aware which has resulted in better family planning and adoption of healthy habits. Deogratias B. Aikaruwa, Gerald A. Sumari, Grace N. Maleko has published a paper on “Social Functionality of Self Help Groups in Tanzania” *Journal of Business Administration and Education* ISSN 2201-2958 Volume 5, Number 2, 2014, 99-136, has stated in the study that SHGs are institutions that suit the life situations of many people who are generally poor and are vulnerable to different socio – economic difficulties that are common amongst themselves. It offers various services to their members including support to individual economic activities in terms of financial assistance, imparting knowledge and technical skills; assist individual investments both in financial and human capital; help in asset creation thus improving the living standards of the members and create social networks and thus building social capital amongst the members.

### CHAPTER III: RESEARCH METHODOLOGY

The present study is a theoretical study based on secondary data. Secondary data were collected from annual reports, the statistical supplements and operational statistics of Sikkim, Department of rural development website,

NRLM website, published sources including government publications and other publications like research article published in journal available.

#### Limitation of the study

This paper is one dimensional, it focuses on expected implications through the programmes of the government, and doesn't cater to the public side of the spectrum as it is a research paper based on secondary data, with no reference to primary data collection.

### CHAPTER IV: FINDINGS AND ANALYSIS/ RESULTS AND DISCUSSION/THESIS

**Table:(1)**

Area (Sq. Km)		7096
Population		2011 6,10,577
1.	Male	3,23,070
2.	Female	2,87,507
3. Child Sex Ratio		957
Rural Population		4,56,999
Urban Population		1, 53, 578
Schedule	Tribe	Population 2,06,360
1.	Male	1,05,261
2. Female		1,01, 099
Schedule	Caste	Population 28,275
1.	Male	14,454
2. Female		13, 821
No. of Districts		4
No. of Sub Division		16
Literacy (%)		82.6
Infant Mortality Rate per 1000		26
Crude Birth Rate per 1000		17.6
Crude Death Rate per 1000		2.02
Immunization coverage (State Report) (%)		92.6
Institutional Deliveries (%)		84.0
Per Capita GSDP (at Current prices)		Rs. 9, 95, 654
Per Capita GSDP (at Constant prices)		Rs. 5, 49, 095
Per Capita Income		Rs. 88,137

**Sikkim Statistics 2013**

Sikkim is a small land locked state surrounded by the vast stretches of Tibetan plateau on the north, Nepal on the west, Bhutan and Chumbi valley of Tibet on the east, and Darjeeling District of west Bengal on the south. It lies between 27°5' and 28°10' North Latitude and 88°4' and 88°58' East Longitude. It is stretched about 70 miles from north to south and 40 miles east to west. The state forms a part of the inner ranges of the Himalayas so that it has no open valleys and no plain flat areas, but has varied elevations ranging from 300 m to 5500 metres above mean sea level.

From the above table it can be concluded that 47% of the population are women and 52% are men. Most of the population are residents of rural area and the remaining population who reside in urban areas are concentrated in towns like Gangtok and Namchi. Due to the geographical size and its small population, Sikkim is divided into only 4 districts, namely south, east, north and west. With a literacy rate of 82.6 % Sikkim has one of the highest literacy rates in the country.

Nepali Hindus constitute about 70% of the total population of Sikkim which however, was much lower in the early period. The immigration and settlement of Nepalese in Sikkim started in the early part of the nineteenth century under the patronage of the British government of India much against the opposition and jealousy of the Bhutia people. On the one hand, the British Government were encouraging Nepalese immigration and their settlement in Sikkim, on the other hand, it opposed Tibetan influence over Sikkim so much so that anyone having pro-Tibetan leanings was not allowed to succeed to the throne of Sikkim. After the death of Sidkeong Namgyal, the king of Sikkim, setting aside the claim of Thinley Namgyal, the British government, therefore made Thutob Namgyal the king of Sikkim after which the British government became the undisputed king maker in Sikkim. Nepalese are the people, either whose forefathers had come from Nepal, or those who had their origin in Nepal. The majority of the Nepalese are Hindus. They have their own language, dress and way of life. In fact, they have retained their religious and cultural identity distinct from Lepchas. After their settlement in Sikkim, the Nepalese within no time, Prof. Nakane says, made much progress, their economic position being comparable to that of wealthy Bhutias and Lepchas. The Nepalese prosperity, according to Prof. Nakane, is attributable to the Buddhist-Hindu way of life with high productivity and low consumption for the Nepalese Hindus and low productivity and high consumption for the Buddhist, Bhutias and Lepchas. Commenting on Nakane's conclusion, Prof. Trevor Ling remarks on Nakane ignoring the immediate historical background in her work. Prior to Nepalese penetration into Sikkim Prithvinarayan Shah's conquest of small political units of Nepal and finally the conquest of Kathmandu valley made his task of unification of Nepal complete bringing into existence a hierarchy of functionaries related to land allotments, revenue collection and administration of justice at the local level. In Nepal, land was generally allotted to Brahmins, members of the nobility, government officials, priests and others belonging to non-agricultural classes, who had neither time, nor the aptitude to cultivate their land themselves.



For the Nepalese peasants who as tenants cultivated the lane, it made no difference whether their landlord was an individual, or a religious institution, or even the state itself. In such a case, whatever was left after meeting the cost of cultivation and providing him with a minimum of subsistence was taken away from him without any consideration, besides occasional gifts and presents and free labour service rendered by the agriculturist tenants to the village head man.

According to Ling, poverty of the vast majority of Nepal's peasants is basically responsible for their immigration into Sikkim and their successful settlement there. Taking their dire poverty into consideration, Ling further says that it is not difficult to work intensively for even a reasonable reward and being accustomed in Nepal to the lowest possible standard, they were being satisfied with a somewhat restricted consumption than their Bhutia- leпча neighbours during, or at least, in their early years in Sikkim. If the critical factor is to be identified, it is not the Hinduness of the Nepalese immigrants, but their poverty, low standard of living and their previous conditioning to work hard for little reward.

**Table (ii)**

**SHG count (North-east India)**

	Districts Count	Blocks Count	SHG's Count
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S.No	State Name	Total Districts	Number of Districts where SHG's entry has started	Total Blocks	Number of Block where SHG's entry has started	Total SHG's	SHG's with less than 5 Members
1.	ARUNACHAL PRADESH	25	15	112	38	2,976	0
2.	MANIPUR	16	3	70	6	2,020	0
3.	MEGHALAYA	11	11	46	44	23,360	56
4.	MIZORAM	11	11	26	23	5,282	2
5.	NAGALAND	11	10	74	63	9,715	2
6.	SIKKIM	4	4	32	32	4,806	14
7.	TRIPURA	8	8	58	58	21,974	464
Sub Total		86	62	418	264	70,133	538

The above table shows the numbers of self help groups in the North-East region of India. We see that the highest number of self help groups can be found in Meghalaya which also has the second highest number of districts i.e. 11

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districts right after Arunachal Pradesh. Although being one of the largest states in the north east Arunachal Pradesh has one of the lowest numbers of self help groups registered. Amongst its 25 districts only 15 of its districts are involved with self help groups. In total of 86 districts amongst these 7 states 62 of the districts have affiliations with self help groups while self help groups haven't reach the remaining 24 districts.

Sikkim is the smallest state amongst the 7 north east states, with only four districts and 32 blocks. All of the states districts have registered self help groups

within them. A total of 4806 self help groups are registered within Sikkim amongst which 14 self help groups are self help groups with less than 5 members. Meghalaya, Mizoram, Sikkim and Tripura are amongst the states which have self help groups all across its blocks.

The state with the lowest number of blocks that are registered with self help groups is Manipur amongst its 16 blocks only 3 blocks have self help groups registered. In total there are 70133 self help groups amongst which 538 self help groups are with less than 5 members. Both Arunachal and Manipur do not have any self help groups with less than 5 members. The highest number of these less than 5 members self help groups can be found in Tripura (464) followed with Meghalaya (56) and Sikkim (14) while Mizoram and Nagaland both have 2 self help groups with less than 5 members.

SHG-Bank Linkage is one of the largest Micro Credit Initiatives in the world. Micro-Credit has proven to be the most effective tool for poverty alleviation and livelihoods promotion. Bank Linkage plays a vital role in meeting the credit requirements of rural households mobilized into WSHGs through formal financial institutions. i.e Banks. SHG-Bank Linkage programme emphasizes on nurturing the SHGs and its members to be preferred clients of the Banks and building long term relationship between poor households and Banks. Under NRLM, it is emphasized that multiple doses of credit of at least Rs.1 lakh per household over a period of 4-5 years is required to promote sustainable livelihoods and poverty alleviation.

**TABLE (iii)****Sikkim block SHG Count**

S.No	District Name	Block Count		SHG Count	
		Total Blocks	Number of Block where SHG's entry has started	Total SHG's	SHG's with less than 5 Members
1	EAST DISTRICT	10	10	1,502	2
2	NORTH DISTRICT	4	4	364	1
3	SOUTH DISTRICT	8	8	1,428	4
4	WEST DISTRICT	10	10	1,512	7
	Total	32	32	4806	14

The above table is the list of numbers of Districts and the Blocks of Sikkim; it states the Block count and SHG count. The East District has 10 Blocks and all 10 of those Blocks have self help groups in them, the East District has the largest number of Blocks along with the West District i.e. 10 Blocks. Followed by South District with 8 Blocks and lastly North District with 4 Blocks. West Sikkim has the most number of self help groups in the state with 1512 self help groups, East district has the second highest number of self help groups accounting to a number of 1502. The lowest number of self help groups in the state belongs to the North district of the state with 364 self help groups and only one self help group with less than 5 members. South district has 1428 self help groups in total along with 4 self help groups with less than 5 members.

**Implementation of NRLM at Block Level:**

NRLM works in a block for a period of ten years till community federations take responsibility of implementation. A typical block having about 13,500 (90% of total poor) mobilize-able poor households spread over 100-120 villages is divided into 4 clusters of 30 villages each. In a typical intensive block, the first 3 years are spent in building the organisations of the poor by mobilising them into SHGs, Federations at Village, Cluster level and Block level. Funds flow to the community institutions over the first 4-5 years. The middle years, years 3-6, are invested in deepening the activities and addition of various layers such as health, nutrition, interventions for Persons with Disability etc. Last 4 years is essentially a maintenance and withdrawal phase where the community institutions graduate to self-reliance and self-sustainability.

Implementation in the blocks is done in four ways –

- a) Resource Blocks - with the support from National Resource Organization(s) (NRO) (5-6% blocks in a state)
- b) Intensive Blocks- implemented with SRLM staff and internal community resource persons and the CRPs generated in resource blocks
- c) Partnership Blocks- with the support from local community federations and NGO partners
- d) Non-intensive Blocks- are the remaining blocks in the state which are not taken up for implementation in the initial phase.

Resource Blocks- It is envisaged that about 5-6% of the blocks in a state is taken up as resource blocks. These blocks are model blocks where all the key strategies would of NRLM will be piloted. These blocks will create a ‘proof of concept’ for other blocks to adopt and replicate. The social capital expected to be generated in the resource blocks will support the intensive blocks in implementation.

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A National Resource Organisation (NRO) supports the states in implementation in the resource blocks. A NRO is a SRLM which has experience in successfully implementing NRLM protocols on a large scale which are Andhra Pradesh, Bihar and Kerala SRLMs. The NRO deputes a State Anchor Person to SRLM to anchor implementation. A Project Resource Person (PRP) is seconded to each cluster in the resource block to facilitate implementation on the ground. External Community Resource Persons in teams of 5 each from NRO take-up mobilisation, formation of institutions of the poor and train the institutions in the block. NRO also nurtures social capital – active women, internal CRPs, bookkeepers and other community activists from the resource blocks to support the institutions in the resource block as well as other blocks. NRO also implements livelihood and layering activities in the block.

Community Resource Persons (CRPs) are members of the community who have graduated out of poverty with the help of their SHGs. CRP rounds are the cornerstone of the Resource Block strategy. This strategy essentially rests on the premise that the community learns from the community better. CRPs are employed by the Community Based Organizations (CBOs) at various levels and in various verticals. There are some CRPs who specialize in certain areas, such as gender, social action, etc. These CRPs visit different states in teams to inspire women from other communities to form and run SHGs.

Intensive Blocks- SRLMs directly implement in other intensive blocks where they enter with their own staff at block level, and take support of the internal resources from the resource blocks. CRPs are chosen from the resource blocks to accelerate implementation in these blocks. The protocols of implementation followed in the resource blocks would be adopted in these blocks as well.

Partnership Blocks- SRLMs take up implementation in blocks where there is pre-existing significant mobilization of poor women into SHGs as partnership blocks in partnership with Community Federations and the NGOs working in these blocks. NRLM has developed Partnership Guidelines to identify and work with NGOs and CBOs. NGOs that have significant presence (done 80% mobilization or promoted a SHG federation) in a block are identified as

partner NGOs. These NGOs are expected to follow NRLM's implementing protocols and processes in the blocks.

Non-intensive Blocks- The remaining blocks in a state (other than resource, intensive and partnership blocks) are non-intensive blocks. NRLM strengthens existing SHGs in these blocks with some capacity building and limited financial assistance. No new mobilization would be done in these blocks. Over time, as NRLM implementation progresses, these blocks also would come into the intensive-fold. Some SRLMs have adopted 2-3 villages in the non-intensive blocks to implement NRLM in a full-fledged manner.

**Table (iv)**

**SHG member details**

S. No	District	Total SHG's and Members		SHG's Profile Completed		Member Details With		% Of Member With					
		SHG's	Members	Total SHG	Percentage (%)	Total Members	Adhar Number	Bank Account	Adhar Seede d A/C	Members Updated	Adhar Number	Bank Account	Adhar Seede d A/C
1	East District	1502	14563	1499	99.93	14551	12639	12894	10145	99.92	86.86	88.61	78.68
2	North District	364	3618	362	99.45	3608	3177	2876	1783	99.72	88.05	79.71	62.00
3	South District	1428	13350	1424	99.79	13347	9054	9625	6700	99.98	67.84	72.11	69.61
4	West District	1512	13606	1494	98.81	13493	11568	10632	9077	99.17	85.73	78.80	85.37
	Total	4806	45137	4779	99.44	44999	36438	36027	27705	99.69	80.73	79.82	100

**Financial inclusion through NRLM (national rural livelihoods mission)**

NRLM facilitates universal access to the affordable cost – effective reliable services to the poor. These include financial literacy, bank account, savings, credit, insurance, remittance, pension and counselling on financial services. The core of the NRLM financial inclusion and investment strategy is “making poor the preferred clients of the banking system and mobilizing bank credit”

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Financial Inclusion through SHG's (capitalizing institutions of the poor)

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NRLM provides revolving Fund and Community Investment Fund (CIF) as resources in perpetuity to the institutions of the poor, to strengthen their institutional and financial management capacity and build their track record to attract mainstream bank finance.

- NRLM provides Revolving Fund to self help groups of Rs.10,000-15,000 as corpus to meet the members credit needs directly and as catalytic capital for leveraging repeat bank finance. RF is given to SHGs that have been practicing 'Panchasutra' (Regular meetings; Regular savings; regular inter-loaning; Timely repayment; and Up-to date books of accounts).
- NRLM provides Community Investment Fund as Seed capital to SHG federation at cluster level to meet the credit needs of the members through the SHGs/Village Organizations and to meet the working capital needs of the collectives at various levels.
- NRLM provides Vulnerability Reduction Fund (VRF) to SHG federation at village level to address vulnerabilities like food security, health security etc, and to meet the needs of the vulnerable persons in the village.
- Access to credit: The goal of NRLM is to leverage the bank credit of at least 1,00,000/- accessibility for every household in repeat doses over the next five years from the investment in the institutions of the poor .

For this self help groups go through micro-investment plan (MIP) process periodically. MIP is a participatory process of planning and appraisal at household and SHG levels. The flow of the funds to members/SHG is against the MIPs. NRLM has provide interest subvention for all eligible SHG to get loans 7% per annum from mainstream, financial institutions. Further, additional 3% interest subvention is available only on prompt repayment by SHGs in most backward 250 districts.

Self Help Group credit linkage - The Mission provides only catalytic capital support to the community institutions, it is expected that the banks provide the major chunk of funds required for meeting the entire gamut of credit needs for the rural poor households. The Mission therefore expects that the SHGs leverage significant amount of bank credit.

- The Mission assumes that over a period five years, each SHG would be able to leverage cumulative bank credit of Rs. 10,00,000/- in repeat doses, such that on the average each member household accesses a cumulative amount of Rs. 100000/-
- In order to facilitate bank linkages, State Level Bankers' Committees (SLBC) would constitute exclusive sub-committees for SHG bank linkages and financial inclusion in NRLM activities. Similarly, District Level Coordination Committees and Block Level Coordination Committees would review SHG-Bank linkages and NRLM.
- The Mission units are also expected to use the services of the field level customer relationship managers such as Bank Mitra/Sakhi.

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- Further, institutions of the poor are expected will be guided to constituting community-based recovery mechanisms (sub-committees on bank linkage and recovery of loans).

NRLM works towards increasing the portfolio of products of savings, credit, insurance (life, health and assets) and remittance through the institutions of the poor directly or in partnership with mainstream financial institutions using various institutional mechanisms and technologies.



**Figure (i) showing financial inclusion through NRLM and SHGs.**

**Source: NLRM Sikkim**

This figure shows through steps how self help groups help in achieving financial inclusion to its members, which in turn help improve their socio economic status. The first step starts off with internal lending amongst the members and leads to step two which is a very important start for financial inclusion, opening of a bank account. Followed by the main aim of NRLM which is credit linkage, to provide access to credit for each household.

**Table (v)**

**SHG Count divided w.r.t. social category**

			SHG's Social Category					
S.No	District Name	Total No. Of SHG	SC SHG	ST SHG	Minority SHG	Others SHG	Sub Total	PWD
1	East District	1,502	74	355	66	1,005	1,500	18
2	North District	364	4	334	1	25	364	-
3	South District	1,428	54	362	183	827	1,426	2
4	West District	1,512	41	688	145	637	1,511	3
Total		<b>4,806</b>	<b>173</b>	<b>1,739</b>	<b>395</b>	<b>2,494</b>	<b>4,801</b>	<b>23</b>

In order to ensure that no poor family is left out, NRLM uses differential strategies for social inclusion of all identified rural poor households into functionally effective and self-managed institutions, with particular focus on more vulnerable sections like Scheduled Castes (SCs), Scheduled Tribes (STs), Primitive Tribal Groups (PTGs), single women and women headed households, Persons With Disabilities (PWDs), landless, migrant labour, isolated communities and communities living in remote, hilly and disturbed areas. It would identify the poorest and vulnerable through participatory identification of poor (PIP). The mobilization will begin with them first. The mobilization effort will progress with the satisfactory community readiness and milestones for various stages of mobilization and graduation as evolved and tested in a participatory manner. Existing institutions, their leaders, staff and community resource persons (CRPs) will support the processes of inclusion and mobilization.

**Table (VI)****Utilization certificate under Sikkim State Rural Livelihood mission (SSRLM) for the year 2014-15.**

1.	Opening balance as on 21.03.2014	Rs. 39,063/-
2.	Fund received from central government	
(a)	Sanction order no. J-12033/01/2014-RL (40A) dated 27 <sup>th</sup> March 2014 (2013-14)	Rs. 54,00,000/-
(b)	Sanction order no. J-12033/01/2014-RL (40A) dated 27 <sup>th</sup> March 2014 (2013-14)	Rs. 31,32,000/-
(c)	Sanction order no. J-12033/01/2014-RL (40A) dated 27 <sup>th</sup> March 2014 (2013-14)	Rs. 22,68,000/-
	TOTAL (a+b+c)	Rs. 1,08,00,000/-
(d)	Sanction order no. J-12033/01/2014-RL (40A) dated 27 <sup>th</sup> March 2014 (2013-14)	Rs. 18,51,000/-
(e)	Sanction order no. J-12033/01/2014-RL (40A) dated 27 <sup>th</sup> March 2014 (2013-14)	Rs. 10,73,000/-
(f)	Sanction order no. J-12033/01/2014-RL (40A) dated 27 <sup>th</sup> March 2014 (2013-14)	Rs. 7,77,000/-
	TOTAL (d+e+f)	Rs. 37,01,000/-
	TOTAL (a+b+c+d+e+f)	Rs. 1,45,01,000/-
3.	Fund received from state government Fund received vide cheque no. 73427/18.03.14	Rs. 15,00,000/-
4.	Interest receipt (2013-14)	Rs. 4,74,684/-
5.	GRAND TOTAL (1+2+3+4)	Rs.1,65,14,747/-
6.	Expenditure incurred during 2013-14	Rs. 20,10,605/-
7.	Closing balance as on 31.03.2015	Rs.1,45,04,142/-



From the table above it concludes that a sum of Rs.1,45,01,000/- was received as grant in aid from the central government as shown in the above margin at sl.no 2 (a+b+c+d+e+f) and a Rs 1500000/- only was received from state government as shown in the above margin at sl.no .3 . A sum of Rs.39063/- only being the unspent balance of previous year 2013-14 as shown in the margin above at sl.no.1 and that some Rs. 474684/- only being the miscellaneous receipt as shown in the above margin at sl.no. 4 were allowed to be brought for utilisation during the year 2014-15.

However, it is certified that out of the above mentioned total grant ofRs. 16514747/- only as shown in the above margin at Sl.no. 5 (1 + 2 + 3 + 4) under s SRLM during the year 2014-15, that the sum of Rs. 2010605/- only were the actual expenditure incurred under SSRLM during the year 2014-15.

It is further certified that the unspent balance fund of Rs. 14504142/- only remaining at the end of the financial year 2014-15 may be allowed to be utilized for SSRLM programme during the next financial year of 2015-16.

## **CHAPTER V: CONCLUSION**

The government builds friendly policies for institutions of the poor such as self help groups. The poor are mobilised into self help groups by the government too, these self help groups are federated at the village and higher levels (clusters, block/ sub district, district). The existing institutions of the poor are strengthened and integrated into the institutional architecture of the poor. The SHG members are further trained to manage their institutions, such as linking up to markets, and managing their existing livelihoods, enhancing their credit absorption capacity and credit worthiness (through the various linkage programs of financial inclusion).

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forward linkages, access to information, credit, technology and markets. The government also invests in building 'social capital' such as community animators, activists, community resource persons etc, which ensures that the policies and programs are community driven and sustainable.

The government identifies the poor and vulnerable through participatory identification of the poor, to ensure that no poor family or vulnerable majority is left out. Programs such as NRLM use differential strategies for social inclusion of all identified rural poor households into functionally effective and self-managed institutions with focus on more vulnerable sections like SC, ST, primitive tribal group (PTGs.), single women and women headed households, Persons With Disabilities (PWDs), landless, migrant labour, isolated communities and communities living in remote, hilly and disturbed areas. Existing institutions, their leaders, staff and community resource persons would support the processes of inclusion and mobilization.

There are a number of policy and programmes in the national level that aid in the elevation of poor and vulnerable and a hand full of state missions which further aid in growth and development of SHGs and its members. Although no such state missions can be found in Sikkim, the reaches of SHGs are improving throughout the state.

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