

DIFFERENT TYPES OF SELF HELP GROUPS (SHGS) – THEIR GROUP DYNAMICS, BENEFITS AND ENTITLEMENTS UNDER THOSE SCHEMES.

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Congruity with human nature enhances the relevance and utility of human development initiatives. The core of micro-finance in India is SHG bank linkage and it has been built around an important aspect of human nature –the feeling of self worth. Linkage is defined as taking a loan from a bank, although banks in fact first become linked to SHGs by taking their deposits. It has been recognized that poor people and particularly the poorest often need and can benefit more from reliable and accessible savings services than from loans. The micro finance programme is designed to benefit poor people by enabling them to access formal financial services and to benefit the banks by introducing them to a new and potentially profitable market segment. The strategy of micro-finance involved forming Self-Help groups of the poor, encouraging them to pool their thrift regularly and using the pooled thrift regularly to make small interest bearing loans to members, and in the process learning the nuances of financial discipline. Bank- credit to such SHGs then followed. Micro-finance sees the promotion and bank-linking of SHGs not merely as a credit programme but as part of an overall arrangement for providing financial services to the poor in a sustainable manner leading to empowerment of the members of these SHGs.

The self-help groups nurtured under the micro-finance programme in India may be of different forms in accordance to the various types of schemes undertaken by the state and Central govt.

Self-Help Groups under the SHG-Bank-Linkage programme developed and conducted by NABARD.

Under this programme a SHG is a group of about 20 people from a homogenous class, who come together for addressing their common problems. They are encouraged to make

voluntary thrift on a regular basis. They use this pooled resource to make small interest bearing loans to their members. The process helps them imbibe the essentials financial intermediation including prioritization of needs ,setting terms and conditions and accounts keeping. This gradually builds financial discipline and credit history for themselves ,as the money involved in the lending operations is their own hard earned money, saved over time with great difficulty. This is ‘warm money ‘.Once the groups show this mature financial behaviour, banks are encouraged to make loans to the SHG in certain multiples of the accumulated savings of the SHG. Cold (outside) money in the hands of the groups, able to enforce credit discipline among the members.

The corporate mission for micro –finance set by NABARD envisages reaching banking services to one-third of the very poor of the country, i.e., a population of about 100 million rural poor through one million SHGs by the year 2007-08.The banking system has already reached micro –finance services to 80 million poor through SHGs, reinforcing this commitment (as in 2002-03) . The overall strategy adopted by NABARD relies on two main planks:

- 1) expanding the range of formal and informal agencies that can work as SHG promoting institutions . Banks, NGOs, Village Volunteer Vahini Clubs (VVs), government agencies and individual volunteer promoters can work as such institutions and
- 2).building up capacities of the increasing number of stakeholders.

The key to all such initiation has been training and capacity building of various stakeholders including the SHG members themselves, the range of which is growing at a fast pace.

Self – help groups through primary co-operative societies (PACS).

Under the banner of NABARD a special project is implemented through the co-operative society or through commercial and regional rural banks. The name of the project is formation of **self – help groups through primary co-operative societies (PACS)**.It aims at enreaching the loan facilities of co-operative societies to the SHGs .The SHGs can be formed by five to twenty members. The members can be of two types .They may be the members of PACs or may not be. In the latter case the SHG members can become members of PACs.The SHG members can avail of the following facilities:

Financial Facility:-After at least six months of groups formation the members can get loans from the PACs; generally the loan amount equals three to four times of group corpus.

Training Facility: - To strengthen the members in their income generating activities suitable skill development training is arranged.

Swayan Sidha:

The Department of Child and Women Development and Social Welfare is responsible for implementation of this scheme.

Benefits availed from this programme:

- a).Assistance for group formation.
- b).Training for group members.
- c).Training for group leaders.
- d).Giving assistance and opinion for maintaining and upgrading the group.
- e).Availing assistance from different departments and institutions for the group members.
- f).To develop skill and build connection for getting loans from different financial institutions and departments.
- g).Arranging for project loans for small infrastructure for meeting urgent necessity of the group members and their families.

Adhibasi Sanchay and Dadan (mini banking) Scheme.

Tribal women organised in self help groups can also get assistance from this government scheme. It aims at promoting savings habit among the poverty stricken people of tribal community and protecting them from the huge interest burden of the money lenders. Ten lamps area such as Sidhu Kanu,Birsha, Shimla Pal, Banpukuria, Chiru chiha , Bandoan ,Baradighi ,Jayghar, Sandeskkhali and Udayan will come under this scheme. The group members will get the assistance of saving and loan from the lamps. The training of the group members regarding formation of groups, group management, maintaining of accounts etc, can be organized from Swarna Jayanti Gram Swarozgar Yojana.

Mahila Samridhi Yojana

Women belonging to backward class can avail the facility of micro-credit from this scheme. Women coming from families with annual income less than Rs 40,000(in rural areas) or Rs 55,000 (in urban areas) if organized in SHGs can get assistance from this scheme. Minimum

75% of the backward community and the rest 25% can come from other weaker sections, or may belong to scheduled caste and tribes or may be handicap.

The members of self help groups can individually get loan to the extent of Rs 25,000 at the interest rate of 8%. Loan must be repaid quarterly. After three months from sanctioning loans, repayment must be made within three years.

Din Dayal Hath Karka Prothsahan Yojana

The weavers those who are both inside and outside the periphery of co-operative are given support by this programme. It aims at giving support of increasing the knowledge base and efficiency and skill of the weavers. It also gives infrastructure support of enhancing product quality and product variety and of giving advertisement of the weaving product.

Types of support given under the programme:-

Training:-Direct training is given to primary weaver's co-operative society, SHGs, voluntary organizations under the supervision of Weaver's Service Centre. It is worth mentioning that financial assistance is given only for training.

Help of master trainer:-Master trainers can be arranged in accordance to the decisions of Weaver's Service Centre. Arrangement of raw materials have to be made by the weavers themselves. The tenure of training is maximum three months.

Wage of the weavers: - During the training period, the weavers will be given wage to the extent of monthly Rs 750

Wage of the trainer:-The master trainer will get Rs 2,500 as monthly wage.

Infrastructural assistance:-50% of total expenditure on weaving machine and other instruments is given as aid. Remaining money has to be procured by the organization or can be taken as loan from bank or other financial institutions.

Aid for improving design: - Subsidy of Rs 1 lakh can be obtained for obtaining service from National Institute of Design, National Institute of Fashion Technology, Weaver's Service Centre or opinion of expert of designing technology.

Institutional aid:-Rs 4000 can be obtained as margin money for each weaver. Of this Rs 1000 should be procured by the weaver himself.

Other assistances: - Besides the above described assistances, aid can be given for constructing catalogue, market survey and preparing pictures for advertisement.

Swarnjayanti Gram Swarozgar Yojana.

The principal aim of this Yojana is to assist the people living below poverty line in increasing their income through micro enterprises through a mix of bank credit and govt. subsidy. It would mean ensuring that the family has a monthly net income of at least Rs 2000, subject to availability of funds. The effort will be to cover 30% of the poor families in each block during the next five years starting from 1st April 1999. The main purpose of this scheme is women empowerment and improvement of social and economic status and position of people belonging to scheduled castes and tribes. SGSY is a credit cum subsidy programme. However credit will be the critical component in SGSY; subsidy being only a minor and enabling element. Accordingly this programme envisages a greater involvement of the banks. SGSY will seek to promote multiple credits rather than a one time credit 'injection'. The credit requirement of the Swarozgaris will be carefully assessed. They will be allowed and in fact encouraged for increasing their credit intake over the years.

This programme lays emphasis on skill development through well-designed training courses. Those who are sanctioned loans are assessed and given necessary training. The design, duration of training and the training curriculum are tailored to meet the needs of the identified activities. DRDA is allowed to set a part upto 10% of the SGSY allocation on training as SGSY training fund.

SGSY ensures up gradation of the technology in the identified activity clusters. The technology intervention seeks to add value to the local resources, including processing of the locally available material from natural and other resources for local and non local market. Technology options are identified in the areas of (a) Processing value addition and packaging (b) linkages with agricultural and animal husbandry extension services (c) Productive enhancement, efficiency improvement, cost effectiveness, drudgery reduction etc.

It provides for promotion of marketing of the goods produced by the SGSY swarozgaris. This involves providing of market intelligence, development of markets,

consultancy services, as well as institution & arrangements for marketing of the goods including exports.

Subsidy: - For individual Swarozgaris subsidy under SGSY is uniform at 30% of the project cost, subject to a maximum of Rs 7500/=,

In respect of SC/STs, however, these will be 50% and Rs10, 000/= respectively. For groups of swarozgaris (SHGS), the subsidy would be at 50% of the cost of the scheme, subject to a ceiling of Rs 1.25 lakh. There is no monetary limit on subsidy for irrigation projects.

Subsidy is back-ended. Banks disburse the full project cost including subsidy to the Swarozgaris as loan. The benefit of subsidy is also available to swarogaris who prefer to avail themselves of required working capital in the form of cash credit. The banks will operate the subsidy amount in the following manner:

- (a) The subsidy admissible to the swarozgaris under SGSY should be kept in the Subsidy Reserve Fund Account swarogaris-wise instead of in term deposit in the name of the swarozgaris. Banks can apply no interest on the Subsidy Reserve Fund Account. In view of this, for the purpose of charging interest on the loan, the subsidy amount should be excluded.
- (b) In the case of working capital advances also, subsidy may be kept in the Reserve Fund Account without any interest being offered. However, the amount standing to the credit of the account should be withdrawn and credited to a cash credit account of the SGSY swarozgari after a period of 5 years.

The repayment schedule of loan would be drawn in such a way that the subsidy kept in Subsidy Reserve Fund would be sufficient for adjustment towards the last few installments. Swarozgaris are not entitled for any benefit of subsidy, if the loan is fully repaid before a certain fixed period specified by NABARD depending upon the activity. This period is known as the lock-in- period. The lock-in-period corresponding to the repayment periods of 5, 7 and 9 years is 3, 4 and 5 years respectively.

Repayment of Loan:-ALL SGSY loans are treated as medium term loans with minimum repayment period of five years. Loan installments are fixed as per the unit cost approved by the NABARD / DLCC and there is moratorium on loan repayment during the gestation period.

Repayment installments are not more than 50% of the incremental net income expected from the project. And the number of installments is fixed in accordance with the prenatal amount, the interest liability and the repayment period.

SGSY will be implemented by the DRDAs through the panchayat Samities. The process of planning, implementation and monitoring would integrate the banks and other financial institutions, the PRIs, NGOs as well as technical institutions in the district. DRDAs will be suitably revamped and strengthened.

Proper infrastructure is essential for the success of micro enterprises. The infrastructure may be either for production, processing, quality testing, storage or marketing. SGSY will seek to ensure that the infrastructure facilities for the identified activities are met in full, so as to enable the swarozgaris to derive the maximum advantage from their investments. The proposals for infrastructure development should be drawn up by DRDA in consultation with Bankers and form part of the Annual Plan of the Block and District. The funds available for providing infrastructure support under SGSY are primarily to bridge small gaps in infrastructure which can make the programme implementation more effective and not for creation of an altogether nonexistent infrastructure in the area. In order to meet expenditure on this critical infrastructure SGSY will provide for a fund known as 'SGSY- infrastructure Fund .20% (25% in the case of North Eastern States) of SGSY allocation for each district will be set apart for this fund.

15% of the funds under SGSY will be set apart at the national level for projects having a far reaching significance and which can also act as indicators of possible alternative strategies to be taken up in conjunction with other departments of semi government or international organizations.

Fund under the SGSY will be shared by Central and State government in the ratio of 75:25.

The Central allocation earmarked for the States will be distributed in relation to the incidence of poverty in the States. However additional parameters like absorption capacity and special requirement will also be taken in to consideration during the course of the year.

Watershed Development Scheme (Hariyali Scheme):-

The major problem of dry areas is proper utilization of land water. The women of rural areas can make proper utilization of land resources with due expertise. In order to enhance the capacity and

management efficiency of these women additional required help is sought to be given by the Watershed Development Scheme. This scheme gives special stress on forming Self Help groups. The aim of this scheme is proper utilization and development of land and water conservation. And for this purpose it is needed to make strong SHGs with the local people. The organization who is empowered to implement this project will take the initiative to form groups. 50% of the villagers who are benefited directly or depend directly or indirectly on it must be a member of one or the other group. It is needed to form different groups for women, scheduled tribes and sub tribes .The SHGs would take different initiatives to conserve land and water through suitable and effective training. As for example they will be trained to utilize rain water, cultivate with less water, make small barrages, cleanse ponds and grow trees etc. This means they are trained to improve their livelihood.

The SHGs are given the following assistances from this project:-

- (a) Financial assistance: - Maximum Rs. 1 lakh can be spent for livelihood development of SHG members of each watershed area. Each SHG can be given Rs 10,000 as initial capital. This amount has to be refunded back within maximum period of six months and this amount will be given as financial assistance to another group.
- (b) Training assistance:-The members of the group will be given training regarding group management and for other necessities regarding the group.

It is expected that the SHG members who are benefited from these assistances can continue the group process even if the assistances from outside are withdrawn.

Dairy Industry Project for Women:-

It is usually seen that some members of every group have 1-2 cows and dairy is a profitable business to rural women. If the women members of SHGs residing side by side are engaged in this activity and organized co-operative then they can develop the dairy industry at ease. For this financial assistance, technical assistance and marketing assistance from outside is necessary. From this perspective West Bengal Co-operative Milk Producing Federation Project is very important.

Target of this project:-

Members of 8-10 SHGs can form a Primary cooperative society. For each districts of Dakshin Dinajpur, Hoogly, Murshidabad, North 24 parganas, 10 cooperative societies can be formed initially. For the next year this number will rise to 20. This means at the end of second year 80 women cooperative societies will be formed. The number of members of the cooperative society will be 80 and this will increase to 95.

Facilities that can be availed from this project:-

(1) Training assistance :-

- (a) Training for editorship
- (b) Training for examining the quality of milk
- (c) Training for the members.
- (d) Training for hybriding.
- (e) Training for health and sanitation.
- (f) Training regarding animal feeding.
- (g) Education scheme for the women.
- (h) Training for the chair person.
- (i) Scheme for creating consciousness regarding sex inequality.

(2) Assistance for setting up Co-operative Society:-

- (a) Expenditure for purchasing tools, furniture, register and tools for examining milk is met up from this project.
- (b) Expenditure for milk van, crayocan and Minicot is met from this project.

(3) Infrastructure :-

- (a) The societies take a period of 3-4 years for attaining self sufficiency. For the interim period expenses for conducting the Samityes will be met up from the project.
- (b) Expenses for vaccination and extermination of worms will met up from the project.
- (c) One veterinary first aid box is given for each society.

(4) Supplying cattle of high quality:-

For this bank credit or credit from govt. project is given, 10% of the loan amount is considered as margin money.

(5) **Administrative expenditure:-**

Minimum administrative expenses will be borne from the project.

(6) **Other facilities :-**

- (a) Training regarding various social matters.
- (b) Literacy class.
- (c) Primary expenses for different economic activities other than dairy industry.
- (d) Assistance given to members of the communities for setting up organic gas plant and smokeless chimney.

Micro credit scheme for the producers of Jute Diversified Products:

In our state rural women in many areas are engaged in producing jute diversified products. They earn some income by producing these products with traditional technical efficiency. This scheme has widened the scope for increasing efficiency and producing market demand oriented jute products.

Assistance for the SHG:-

- 1) The self help groups who are engaged in producing jute diversified product will get 25% of the project expenditure to the max limit of Rs 1 lakh as non-interest loan.
- 2) National Centre for Jute diversification (NCJD) will give various technical opinion and marketing assistance to the groups.
- 3) NCJD will impart training for increasing technical efficiency. If the artisans gain expertise in their work, then they will be given opportunity to take part in various exhibitions.
- 4) If the SHG members utilise their loan money in proper and desired channel and repay back in due time, then they will be given increasing amount of loan in the next period.

The members of women SHGs can also avail the benefits of other government schemes easily. Such schemes are as follows:-

- 1) Scheme for women of fishery dependent family.

- (a) exhibition farm for cultivating cat fish
 - (b) Duckary training
 - (c) Net knitting training for the women who take fishery as their livelihood.
- 2) Scheme of the Department of Animal Resource Development.
 - 3) Scheme for Breeding and Child Health.
 - 4) Well Coordinated Child Development Scheme.
 - 5) Scheme for Development of the Handicraft.
 - 6) Voluntary Health Care scheme.
 - 7) Complete Rural Employment Yojana.

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