



The Role of Women Self – Help Groups in Rural Development of Karnataka State, India

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Abstract

Today, in India the problem of rural poverty is increasing very rapidly. There are a very few way to eradicate rural poverty in India. Mainly providing economic support to the rural people, particularly to the rural women, has been proved very fruitful to reduce the poverty in rural India. Providing economic support or loans to the rural women helps them to empower, not only economically but also socially, further this strengthens the whole society in general. Hence, the present study is placed in this context to examine the relationship between Self Help Groups and socio-economic development of rural community in general and women in particular of Karnataka state and also to suggest suitable measures for the effective improvement of functioning of SHGs in improving the socio-economic conditions of the rural people. For the said purpose the primary data has been collected from field survey in Hassan district of Karnataka state. In the present study, based on the analysis and discussion on the performance evaluation of women SHGs and rural development in Karnataka state, major findings of this study have been explained in detail.

Keywords: Self – Help Groups, Rural Development, Rural Poverty.

Introduction

According to the country's Eleventh National Development Plan currently there are around 300 million poor people in India and more importantly a large population of poor people live in rural areas¹. Hence, poverty remains a chronic condition for almost more than 35% of India's rural population. Particularly poverty is very deep among the members of scheduled castes, tribes and women in the country's rural regions. In India more rural poverty prevails majority among Rajasthan, Madhya Pradesh, Uttar Pradesh, Bihar, Orissa, Chattisgarh and Karnataka states. A major cause of poverty among India's rural people, both individuals and communities, is lack of access to productive assets and financial resources. Further, high level of illiteracy, inadequate health care and extremely limited access to social services are common among poor rural people².

Women in general are the most disadvantaged people in the rural regions of India. Even though the women largely participate in economic activities, mainly agriculture, their work is not considered economic. Primarily poverty has lot of disadvantages on this group.

There are a few ways to eradicate rural poverty in India. Mainly providing economic support to the rural people, particularly to the rural women, has been proved very fruitful to reduce the poverty in rural India³. Providing economic support or loans to the rural women helps them to empower, not only economically but also socially, further this strengthens the whole society in general. The discrimination of women on gender basis is evidently found almost everywhere in every stream. Particularly

in rural India not only ordinary men but also governmental policies (such as credit schemes) had neglected the capacity of holding money by women⁴.

Today, In India, Self Help Groups represent a unique approach to financial intermediation. This combines access to low-cost financial services with a process of self management and development for the women who are SHG members. SHGs are formed and supported usually by NGOs or (increasingly) by Government agencies. Linked not only to banks but also to wider development programmes, SHGs are seen to confer many benefits, both economic and social. SHGs enable women to grow their savings and to access the credit which banks are increasingly willing to lend. SHGs can also be community platforms from which women become active in village affairs, stand for local election or take action to address social⁵.

In India before 1990s credit schemes for rural women were largely negligible. But in recent years the most significantly emerging system called Self Help Groups (SHGs) is a major breakthrough in improving lives of womenfolk and alleviating rural poverty. The concept of women's credit was born on the insistence by women oriented studies which highlighted the discrimination and struggle the women had in accessing credit. Earlier there were certain misconceptions about the rural poor people that they need loan at subsidized rates of interest on soft terms, and they neither have education nor skills, capacity to save and therefore they are not bankable⁶. However, the significant success of several SHGs show that the rural poor indeed efficient to manage credit and finance.

Hence the present study is placed in this context to examine the relationship between SHGs and socio-economic development of rural community in general and women in particular of Karnataka state and also to suggest suitable measures for the effective improvement of functioning of SHGs in improving the socio-economic conditions of the rural people.

Objectives of the Study: The study is mainly based on the following objectives: i. To examine the relationship between SHGs and socio-economic development of rural community in general and women in particular of Karnataka state. ii. To evaluate the impact of SHG bank linkage programme on building the capacity of individuals, households and increase in employment generations, improvement in asset holdings of women. iii. To study the self-help group approach for the empowerment of women by providing access to economic resources. iv. To suggest suitable measures for the effective improvement of functioning of SHGs in improving the socio-economic conditions of the rural people.

Hypotheses: This impact study intends to explore the following hypotheses: i. Self Help Group approach builds the capacity of individuals, households, and increases the savings of the rural poor by improving asset holding, allowing proper and effective utilization of credit. ii. Self Help Group approach increases the production level and helps to the reduction of severity of poverty among the members through the improvement in household income. iii. Self Help Groups are an effective instrument for the development of rural poor in India.

Methodology

The primary data has been collected from field survey in Hassan district of Karnataka state. The sources of secondary data for the study are; existing literature and data in websites, various publications of Central and State, especially State Level Bankers Committee, Bangalore and Institutional Finance Department and other sources like books, magazines, newspapers, reports, articles, seminar papers published by universities and research institutions. Apart from the published material, study is also based on discussions with various people such as officials and non-officials of the Lead Bank Office and Zilla Panchayath, Hassan district.

Self-Help Groups in Karnataka State: Unfortunately Karnataka state does not figure on top of the list provided by the financial institutions in this regard with related to other states of India. It is mainly due to the lack of impressive supporting policies from the state government⁷. However, in 1991-92 the National Bank for Agriculture and Rural Development (NABARD) launched the SHG – Bank Linkage Programme. Before that, between 1984 and 1985, MYRADA, a non-governmental organization engaged in rural development which was based in Karnataka⁸, promoted several co-operatives which broke up into several small groups and these are the genesis of the first SHGs, on that times they were referred as Credit

Management Groups, with a focus on the management of credit⁹.

Major Findings and Suggestions: Based on the analysis and discussion in the study of performance evaluation of women SHGs and rural development in Karnataka state, the following findings have been drawn: i. More importantly, the decentralization in the bank linkage programme was far more pronounced in most of the districts. The members and their federation were playing an active role in the formation of groups, selection of beneficiaries, monitoring the loan utilization and repayment¹⁰. ii. In the state of Karnataka Self-Help Groups provide a way for reduction of the poverty which improves the capacity of its members on many levels. It is grounded in participatory decision-making, which creates a sense of ownership among members. This is very different from how many other poverty alleviation/human development programmes evolve with a top-down system of decision-making and distance from the people most affected by these decisions for the purposes of presenting an alternative approach to sustainable development. iii. In terms of SHGs linked with bank credit Karnataka state has 163161 SHGs linked with Rs. 5504 millions¹¹. iv. SHG approach is enabling empowerment and this bottom-up approach for rural development has provided considerable economic and non-economic externalities to low-income households. v. It is evident that the income of the household increased rapidly and resulted in an acquisition of household assets and thereby leading relatively a better life. After joining the group women were able to purchase tape recorder, bicycle, fan, tailoring machine and etc. and before joining the group women had only radio and a buffalo in the study area. The expenditure towards education health, nutritious food items and housing has increased after joining the group. All of them feel that their knowledge relating to importance of children's education, health, banks and their role in the society has improved they feel that confident in leading a better life has improved due to association with the group. vi. SHGs have the potential to tackle poverty and can be an important weapon for poverty alleviation in the Karnataka state. vii. The study shows that there is increase in income and assets and reduction in the level of poverty as a result of intervention through SHG based microfinance. viii. The net impact of borrowing on income is positive not only in case of all the borrowers but also in case of the poorest borrowers, showing the better outreach of the bank linkage programme. However, certain shortcoming are observed. Though there is positive impact on poverty, the process of empowerment is poor. Since these are women groups the lower empowerment can lead to the failure of the programme in the long run. ix. It was observed that a majority of women loaners, belonging to economically weaker sections of society, did not know the terms and conditions of bank loan including rate of interest, schedule of repayment and magnitude of instalments. But it is very interesting to note that majority of the women SHGs members know about the opening up of saving bank account. x. The main finding of the study is that bank linkage programme has made an outstanding impact on the

women beneficiaries to undertake economic activities in Karnataka state. The spread of bank offices has been spectacular and women development advances have shown phenomenal growth during the reference period.

Conclusion

Today, in India the role of Self Help Groups in the rural development has attracted attention from all over the realm of social sciences. Hence, the study is placed to evaluate the SHGs important role in increasing rural development of Karnataka state. The major findings in the study justify the greater role played by the SHGs in increasing empowerment of women, by making them financially strong, as well as it helped them to save some amount of money and invest it in further development.

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