

## The Role of Self-help Groups in Muzaffarpur: A Study

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### Abstract

The economy of Bihar particularly the economy of Muzaffarpur district is dominated by the rural population and major part of the rural population of the district is living below the poverty line. They are weaker section of the rural areas. Here, SHGS play a significant role fulfilling the credit requirements of the weaker section in the rural areas of Muzaffarpur district. In this paper, attempts have been made to study the role played by "self-help groups" in improving the socio-economic conditions of the poor in the rural areas of the district.

**Keywords:** Economy, Self-help groups, Poverty, Welfare, Farmers

The economy of Bihar particularly the economy of Muzaffarpur district is dominated by the rural population and major part of the rural population of the district is living below the poverty line. They are weaker section of the rural areas. The socio-economic condition of the weaker section in the rural areas of the state particularly in the rural areas of the district is critical and they need credit for different purposes. Here, SHGS play a significant role fulfilling the credit requirements of the weaker section in the rural areas of Muzaffarpur district. In this paper, attempts have been made to study the role played by "self-help groups" in improving the socio-economic conditions of the poor in the rural areas of the district.

The government has implemented various programmes for the welfare of the desperate groups in the rural areas of the state. (Panda, 2003). According to planning commission, employment is an important way to enable the poor to cross the poverty line. Land reforms have been implemented to re-distribute the lands among the small farmers and landless labour but the objectives have not been achieved. Following trickledown

theory, agricultural development programmes were implemented in the different five years plan. The green revolution increased the productivity of land and agricultural production was increased.

Various rural development programmes have been implemented by the government for the eradication of rural poverty. These programmes include Small Farmers Development Agency (1971), Marginal Farmers and Agricultural Labourers Development Agency (1971), Backward Area Development Programme (1971), Minimum Needs Programme (1972), Drought Prone Area Programme (1973), 20-point Economic Programme (1975), Food For Work Programme (1977), Integrated Rural Development Programme (1978), National Rural Landless Employment Programme (1980), Rural Landless Employment Guarantee Programme (1983), Indira Awaas Yojana (1985), Jawahar Rozgar Yojana (1989), Employment Assurance Scheme (1993), Swarbajayanti Gram Swarozgar Yojana (1999), Antyyodaya Anna Yojana (2000), Pradhan Mantri Gramodaya Yojana (2000), MGNREGA, (2005), National

Rural Livelihood Mission (2013), etc. (Kashyap, 2013) unfortunately these programme utterly failed to a completely lift the rural poor above the poverty line.

Muhammad Yunus has coined the concept of "microloans" in 1976. (Misra, 2008) micro-credit may be defined as the credit and repeated credit provided in small measures to suit the recipients' requirements with a comfortable pace of repayment and of an appropriate rate of interest. However, the word "micro-finance" shows some other services accompanying credit VIZ. Facilities for savings and availability of services for insurance of the assets acquired with micro credit. Micro finance institutions are those which provide arrangements for thrift credit and other financial services mainly to the poor, enabling them to raise their income (Misra, 2004). The concept of micro finance best be described by the title of F.A.J Bouman's book, "Small, Short and Unsecured" (1990). This implies that a poor family is given a very small loans (micro credit to them engage in productive activities or grow their tiny business.

Micro finance institution in India was set up in 1974 but the momentum was achieved only during the 1990s. Initially, the formal financial institutions were reluctant to be involved with the M.F.LS (Shankar and Asher 2008). At present, the Indian MFIS are among the fastest growing sector and most efficient in the world today and occupies an important delivery mechanism to reach out to poor and empowering women. The objective of MFIS is to enhance human capital to evolve the bankable clients to make poverty irrelevant (Das, 2013).

Self-Help Group is evolved from Grameen Bank of Bangladesh, founded in 1975 by Prof. Mohammed Yunus.

(Kumari, 2013). Self-Help Group (S.H.G) is a small voluntary association of usually not exceeding 15 to 20 local people who are financially weak and from the same socio-economic background. They come together for the purpose of solving their common problems through self-help and mutual help who do not have access to formal financial institution. The SHG promotes small saving among its member which are kept in a bank. The SHG provides savings mechanism, which suits the needs of the members. Thus, SHGS contribute to the empowerment of poor.

In fact, the SHG are the platform to the members to come together for emergency, disaster, social reasons, economic support to each other have ease of conversation, social interaction and economic inter actions. The objectives of the SHGs are to save their income, avail the loan from the common fund of the group, create confidence and capabilities of the members help the members by collective decision making, motive the members by taking up the social responsibilities to discuss the common issues, dowry, health, related like HIV/aids etc. (Tangirala, 2008).

Women SHGS have proved to be for more stable than men's SHGs because a human being finds greatest satisfaction in joining others in a meaningful way. A man gets strength of association from his work place, of at a market place or at a village chopal. Women do not get such opportunities. It is also found that women have more stakes in society than men. A husband can desert home and children early but for a women it is next to impossible. The groups provide outside world.

There is a vital difference between the SHG and an N.G.O the domain of the

SHG is within its immediate surroundings. Any group of individuals can decide and form an SHG and start functioning the same day if they have some funds, they can pool them as savings and can start using them.

SHGS are based on the principle of saving first credit later. It inculcates a discipline of regular savings and timely repayments when the savings are used for the benefit of few members, the non receivers give a poor pressure on the users for timely repayment because it is only after receiving these repayments that a resource is created with which the others can get loans. After stabilization of the process, the SHG member can get more loans and the loan amount can be progressively increased. SHGS are capable of utilizing community's own resources for their money safe somewhere, they would like to do it. The SHGS provide such an opportunity.

A self-help group can be formed by anybody, anywhere and for any socio-

economic objectives its recognition by the government is essential. It does not require any formal registration. When a person touches the doors of the poorest of the poor he discusses about their burning problems. Then, he discusses the same problems with the other families and notes them. He mobilizes the families to set together and think over the problem and to find a solution. The objectives of the SHGs are to build functional capacity of the poor in order to solve the problems of unemployment, illiteracy, health care etc.

Self-Help Groups play an important role in the rural development of the country in general and Bihar in particular. Self-Help Groups bring about a change in the socio-economic life of the rural people, it also accelerates the economy of the state particularly the economy of the district towards development Self-Help Group play the followings the role. (Singh, Gurmeet, 2013)

**Table 3.1**

**Performance of SHGs in Bihar (March, 2013)**

1	Potential rural households to be covered		72.67 lakh
2	Rural households covered (SHG: Saving linked)		35.22 lakh
3	Districts with low coverage of SHG out of 38 districts		35
4	Average savings in Bihar SHGC (Rs.)		6264
	National average (Rs.)		11230
	Highest priority state: Uttar Pradesh (Rs.)		12388
5	Average credit disbursed/SHG (Rs)		72616
	National Average (Rs)		168757
	Highest priority state : Uttar Pradesh (Rs)		136085
		2011-12	2012-13
1	Loans issued no of SHGS (lakh)	0.39	0.31

2	Loan issued (Rs crore)	398.61	222.02
3	Loans outstanding (Rs crore)	1040.71	932.30
4	No of women SHG Districts	-	6

**Table-3.3**

Year	Total No. of SHGs	SHGs Bank linkage
March, 2011	5827	1763 (30.25)
March, 2012	9319	4104 (44.03)
March, 2013	11298	6916 (61.21)
March, 2014	19648	10036 (51.08)

**Note: Figures in parentheses show percentage**

**Source: Project Manager, Jeevika, Muzaffarpur.**

In Muzaffarpur district, Jeevika is playing an important role for the eradication of poverty. In 2013-14, Jeevika has covered 354 panchayats and 1591 revenue villages and 2.19 lakhs household in the district. It has formed self-reliant community institutions district. Jeevika has Promoted 19017 SHGs, 13920 SHG federated into existing village organization, 1197 village organization (VO) formed, 528 village organization formed federated into CLF. And 22 CLF formed.

Jeevika also focuses on capacity building of SHG member as many of the SHGs a network of capacity building

institutions objectives and functions of SHGs. The SHGs are function as the primary units in the development process of the state.

**Conclusion-** Self Help Groups are voluntary groups of 10-20 poor persons. The groups are homogeneous in nature and belong to the same community as the members of SHGs belong to the weaker section of the rural areas consisting, of marginal farmers, small farmers, rural artisans, scheduled cast and scheduled tribe. Majority of the desperate groups (weaker section) in the district are in 'debt trap'.

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