

# **CHAPTER- I**

## **THE FRAMEWORK OF THE STUDY**

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The present chapter is aimed to discuss the framework of the study. The chapter is divided into eight sections. In the first section, an attempt is made to understand the concept of development. In the second section various development theories are explained, in the third section the two development approaches are explained. In the fourth section, an attempt is made to study the strategy of rural development in India and in the fifth section the various rural development programmes in Assam are discussed. In the section six the evolution of SHGs are discussed, in the section seven the various studies of SHGs are discussed and in the last section the objectives of the study, methodology and scope of the study are discussed.

#### **I**

### **CONCEPT OF DEVELOPMENT**

The concept of development and progress are often used in a positive sense to indicate the processes of advancement of individual or of collective phenomena or of objects or of actions. Human society has made a long journey in this; so is the concept of development. For centuries development was understood as progress, thereafter as growth, as change, as transfer of notion, as modernization and so on. Very recently it is understood (along with economic) as social and human development as well.

The concepts of development and progress have been understood by the social scientists from diverse perspectives- conflict, functional, neo-conflict, structural functional etc. The development has also been understood widely in terms of increase in productivity, increase in the intensity of modernization, urbanization and industrialization. Here development has been viewed as the processes of the quantum

increase of the goods and services, as transformation of society from pre-modern to modern in terms of institutional arrangements, as transformation of economy from agrarian to industrial, as migration of population from rural to urban areas, as shifting of economic activities from agricultural to non-agricultural and so on.

### **CAPITALIST, SOCIALIST AND THIRD WORLD MODELS OF DEVELOPMENT:**

Economic development has been the prime concern of the modern state. However, this concern has been widely linked with the ideology and power structure of the state. As the nature of the power structure and state ideology are diverse, there have emerged diverse models of economic development across the globe. In the post-World War II the process of decolonialisation, the emergence and need for economic reconstruction of nation-states, and the shadow of the Cold war widely shaped the development discourse till the late 1970s. The industrial and political rise of the West and Southern Europe and North America on the one side, and Russia and Communist States on the other, alongside the stagnation of a vast number of nations with low productivity, industrial backwardness and poverty gave to the First, Second and Third world models of development respectively i.e., Capitalist, Socialist and Third world.

The capitalist model of development is characterized by provision of private ownership of property and means of production, minimum state control on economic enterprises, and a free economy regulated by competition. The development model also emphasizes sustained growth and modernization with massive state investment at the take-off stage. From the view of this perspective, “economic development would revolve around industrialization and the transfer of an underemployed rural force to the more productive occupations in the urban industrial sector. The state would have

to mobilize domestic and foreign saving to create an investment pool from which it could finance a programme of directed industrial development” (Corbridge 1995: 2).

The First World model of development, however, encountered several challenges with the expansion of the socialist model of development represented by the Second World. The socialist model was contradictory to the capitalist model of development as it propagated the abolition of ownership of private property and means of production, emphasized state ownership of private property and means of production, emphasized state ownership of means of production, state-owned public enterprise, and a state regulated economy and centralized planning by the state for economic growth. While both the models laid primary emphasis on economic growth, the socialist model also emphasized on the equal distribution of fruits of growth among all sections of the production.

The Third World is represented by the ex-colonial, newly independent and non-aligned countries of Asia, Africa and Latin America who are industrially backward. Indeed the Third World development perspectives and caught between the conflicting ideologies of the First and Second world. These countries represented a diverse variety in terms of their socio-cultural and political setting and historical experiences and level of technological and economic development. However, notwithstanding these variations these countries are economically and technological underdeveloped. For example India has followed the path of “mixed economy” by adopting a path of development in between the capitalist and socialist models.

## **II**

### **THEORIES OF DEVELOPMENT**

A number of theories have been advanced to try and explain why these changes (development) came about, and why they occurred at such widely differing

rates in different parts of the world.

## **ORGANIC EVOLUTIONARY THEORIES OF DEVELOPMENT: FUNCTIONALISM**

Durkheim conceived society in terms of an evolutionary scheme. He talked about social solidarity by which he meant the moral beliefs and ideas, which defined the “common sense” underlying social life. Like a social evolutionist, he was of view that mechanical solidarity was based on agreement and identity between people, while organic solidarity in industrial societies was derived from agreement to tolerate a range of differences, conflicts being moderated through a variety of institutional arrangements such as courts, trade unions and political parties.

In the pre-industrial societies there is little or no division of labour, every one works in similar ways and consumes in similar ways; there is little division of opinion, little individuality. In organic solidarity, on the other hand, there are specialization of activities and advanced division of labour whose production, distribution and consumption are carried out in specialized ways (Durkheim 1965:133).

Durkheim tried to explain social change as the result of changes in the bonds of morality, which he called social solidarity. Societies based on mechanical solidarity are transferred to organic solidarity by the growth of industrialization, heterogeneity, differentiation, specialization of activity and individualism. The problem of the growth of population, shrinking of natural resources and growing individualism, according to him, is resolved by division of labour in the industrial society, i.e., in the organic solidarity. As each individual is specialized and also individualism is respected they are socially integrated with bondage of division of labour. Indeed division of labour in the organic solidarity ensures the integration of individual

specialization in the society. However, abnormal division of labour, according to Durkheim, may lead to normlessness (anomie).

### **DEVELOPMENTALIST THEORY: MODERNISATION**

Developmental progress comes to be seen as a process of acquiring the characteristics of modern industrial society. Indeed, one of the fundamental parts of developmentalist theory is the belief that traditional cultural, social and political structures in the Third world preclude the growth of effective economic strategies. Only if these barriers to advancement are removed, it is claimed, will the societies be able to become developed.

In economic terms the developmentalist approach is based upon the assumption that a free market economy compounded by an entrepreneurial enterprise culture will, as in Britain during the period of the Industrial Revolution, bring about a major “take-off into growth”.

Modernization theorists who follow this perspective claim that societies are relatively poor and underdeveloped because they lack of the internal structural characteristics suitable for the introduction of the industrial system. Among such characteristics lacking in these poorer societies are, it is claimed, investment capital and entrepreneurial values, together with the modern technological equipment and the necessary skills to use them effectively. It is further suggested that the less developed societies can be helped towards “enhanced adaptive capacity” by a process of interaction with the more advanced nations.

Many modernization theorists have suggested ways in which simple, agrarian societies in the Third World may be helped in establishing the industrial system of production. An American economist W.W. Rostow examines the pattern of social change which, historically, has led to modern industrial societies. Having isolated

technology as the key to progress, he attempts to provide “an account of economic growth”, based on a dynamic theory of production and interpreted in terms of actual societies”. (W.W. Rostow, The Stages of Economic Growth, 1960)

According to Rostow there are five stages of economic growth. These are:

**STAGE I: THE TRADITIONAL SOCIETY:** A poor society with subsistence agriculture, a simple, undifferentiated system of social organization in which mysticism and religious play a large part.

**STAGE II: THE PRECONDITIONS FOR TAKE-OFF:** Population increases, due to the advances made in agricultural, and this allows more workers to be involved in developing transport and power supplies.

**STAGE III: TAKE-OFF INTO ECONOMIC GROWTH:** Manufacturing industry grows and encourages more workers to enter the secondary sector of the economy.

**STAGE IV: THE DRIVE TO MATURITY:** The wealth produced from the developed industrial system facilitates even more industrial growth. In addition the infrastructure, such as health care and education, is improved.

**STAGE V: THE STAGE OF MASS HIGH CONSUMPTION:** The Industry makes a change of emphasis from the production of basic commodities such as steel, machinery, textiles and so on, to supplying consumer goods such as washing machines, television sets and high-technology luxuries.

Rostow has indicated that in his view, there are two main factors involved in the process of changing simple, traditional societies into modern, industrial-production system. First, there are non-economic factors such as attitudes and ideas which involve an acceptance of entrepreneurial values whereby a new elite- a new leadership- must emerge and be given scope to begin the building of a modern society. Secondly, there are certain economic factors which, he maintained, are

necessary for the change from simple to complex industrial society, such as risk taking by men to lend their money on long term, at high risk, to back the innovating entrepreneurs and so on.

Modernization theories have a number of shortcomings. Some are:

- Rostow failed to consider that an economy could reach the fifth stage without going through all the stages or a particular stage. For instance it has been pointed out that countries like Canada and Australia entered the stage of mass consumption even before reaching the stage of maturity. This is happening, in recent times, with the oil rich countries also.
- Rostow has been criticized by many on the basis of the teleological approach. Teleological approach is one where the purpose, which is not explicitly intended by anyone, is fulfilled while the process of fulfillment is presented as an inevitable sequence of events. In Rostow's model policies are the result of development and not vice versa and this unacceptable to many, as policies of a state should be chosen and not just merely adopted.
- Finally, it has been pointed out that modernization theory itself has produced nothing truly visible yet. This is not because there has been no development in the past fifty years. There has been evolution related to both fields of thought, but the theories themselves are so indistinct and vague. Modernization theory does not paint a very precise picture of what should be happening, and more particularly, how it should be occurring. As a motivational aid, this theory is an excellent boost to the drive of a developing society, but it is not the solution.

#### **DEPENDENCY THEORY: DEVELOPMENT AS DEPENDENCY**

One perspective on the analysis of development - that of developmentalist/modernization theory-seek, as we have seen, to measure the



structural changes which occur within individual societies, and to use this as means of determining the degree of development which has taken place. In other words, those societies having, for example, a higher gross national product or increased level of technology and organizational complexity than others are to be viewed as more developed. In the view of opposing theorists this perspective fails to take full account of the historical evidence of contact between societies.

A superficial examination of the historical evidence indicates, in their view that societies have not developed in isolation. The whole of human history is filled with examples of nations conquering and subduing others to their will in order to exploit both their resources and their people. The idea that the attitudes and the technology necessary for industrialization would spread by a process of benevolent diffusion has been seriously challenged by many theorists of Marxist complexion. Marx's work is of importance because it provides a way of analyzing social change in terms of economic relationship between social systems.

#### **MARXIAN IDEA OF DEVELOPMENT**

Karl Marx (1818-1883) was the most influential socialist thinker on development in the 19<sup>th</sup> and 20<sup>th</sup> centuries. Of late against the backdrop of the collapse of the socialist economy, Marxian thought has been a subject of critical review. Around half of the world population followed his suggestion path of restructuring the social and political organization and economic development. His contribution to the theory of development is simple unparalleled and path-breaking.

The development of human history through various stages, development and change in the material condition, existence, development of capitalism, and the corresponding change in the class relationship and transformation in the mode of

production were the major concerns of Karl Marx. Some of these concerns are as follows:

### **PRODUCTION RELATION AND DEVELOPMENT**

Marx always denied the significance of non-material forces in the process of development of human society through various stages, he emphasized that material forces and their contradiction provided the very and basic and fundamental condition of development and change in human society. According to Marx all the legal relations, politics, forms of states, etc. are to be understood, not in terms of development of human mind but in terms of the material condition of life. To him, in the process of development of human society human being has emerged to be a producing animal and thereby ties with several production relations. He was very categorical to mention that with the change in the economic foundation the inter superstructure, that is legal, political, religious, aesthetic or philosophical, get transferred. In the process of such transformation individual consciousness is determined not by what he thinks but by the contradiction of material life that is the conflict between the social productive forces and relation of production. Consciousness is a part of development in human society. To him, it is not the consciousness of men that determines their existence but on the contrary their material condition of existence that determines this consciousness. To him the Asiatic, Ancient, Feudal and Capitalist are the progressive epochs in the economic formation of society. The relation of production to him is the last antagonistic form of the social process of production.

### **CLASS RELATION AND CHANGE**

In all the stages of economic transformation of society, there have been specific forms of class struggles. Social classes according to Marx are the main agents

of social change. The change is however based on class conflict. Classes, to Marx are formed based on objective material conditions; these are groups of people with a common economic position vis-a-vis those of other class. In essence, this economic interest is conflicting and contradictory to each other's class position. To Karl Marx, though the class relation was very complicated in the earlier epochs of history, in the modern stage of capitalism this has been simplified. In the modern capitalist society new classes however have emerged with new condition of operation and new form of struggle between the bourgeoisie and the proletariat.

According to Marx (Karl Marx, "The Capital", 1887), under capitalism wage labourers are paupers who grow more rapidly than the population and wealth. The essential condition both for the existence and sway of the bourgeoisie class is the formation and augmentation of capital. The advance of industry, whose involuntary promoter is the bourgeoisie, replaces the isolation of the labourer, due to competition, by their revolutionary combination, due to association.

#### **CAPITALISM, CLASS RELATION AND DEVELOPMENT:**

Modern industry has established the world market that has given immense scope of development to commerce, navigation and communication by land. These developments again have paved the way for the extension of industries and free trade. The bourgeoisie class constantly maximizes its profits through the expansion of new markets, introduction of new technology, extraction of surplus value and exploitation of the proletariat. However, along with these developments there emerge new forces of contradiction within the capitalist system.

The capitalist according to Marx also subjected the nature to the force of man and machinery through the application of chemistry to industry and agriculture, and modern technologies such as steam-navigation, railways, electric telegraph, etc. All

these facilitated the scope of free commodification of the economy at world scales. There also emerged free competition accompanied by social and political institutions to adapt to it.

The modern capitalist however, according to Marx, has inherited and nurtured the seeds of its destruction in its own womb. In proportion to the growth of the bourgeoisie there has emerged the modern working class-the proletariat. For Marx the essence of the capitalist is to maximize profits through commodification of the production process. As long as capitalism is based on private ownership of the means of production, it maximizes profits of the private producers. This profit is again maximized by exchange proceeding from money to money by way of commodity. Gradually proceeding from money to money by way of commodity ends up with more money than one had at the outset (Aron 1965:128). Under the capitalist system, workers receive the wage which is less than the actual duration of the work; that is less than the value of the commodity he or she produces. In return the wage received by a workman is restricted only to the means of his subsistence and survival. Marx calculated that the price of a commodity and therefore "also of labour is equal to its cost of production".

#### **MARX'S PLAN OF ACTION**

After the revolution by the working class, the proletariat would be raised the position of ruling class to win the battle of democracy, to centralize all instruments of production in the hand of the state, to increase the total productive forces as rapidly as possible, to entirely revolutionize the mode of production. He suggested the following measures:

- Abolition of private property in land and application of all rent of land to public purpose.

- A heavy progressive or graduated income tax.
- Abolition of all rights of inheritance.
- Centralization of credit in the hands of the state, by means of a national bank with state capital and exclusive monopoly.
- Centralization of the means of communication and Transport in the hands of the state.
- Equal liability of all to labour. Establishment of industrial armies, especially for agriculture.
- Free education for all children in public schools. Abolition of children's factory labour in its present form. Combination of education with industrial production.

From a Marxist perspective, relation between nations- as between individuals- can be seen as the affluent maintaining, and adding to, their prosperity, while the poorer remain subjected, dependant and in relative poverty due to the exploitative pattern of relationships within capitalism.

### **III**

#### **APPROACHES TO DEVELOPMENT**

An account of sociological perspectives on development would not be complete without the discussion of planned change, for an understanding of the patterns of development and change necessarily involves understanding something about the types of approach used by the governments and their agencies for initiating economic development and social change. In the Third world countries governments often play a dominant part in attempting to re-structure society in conformity with particular politico-economic goals. Moreover, while social and economic planning is also important in advanced industrial countries, in the less developed areas of the

world there is often greater concern for centralized state planning, which is frequently backed by heavy inputs of foreign aid and assistance.

There are two different approaches to rural planning in the Third World: **“THE IMPROVEMENT APPROACH”**, which aims to encourage agricultural development within existing peasant production system and the **“THE TRANSFORMATION APPROACH”**, which attempts to establish new forms of agricultural and social organization, and which makes a radical break with existing peasant systems in terms of scale of operation, production techniques, and socio-legal structure.

### **THE IMPROVEMENT APPROACH**

In 1960 the World Bank described the “improvement approach” as aiming at “the progressive improvement in peasant methods of crop and animal husbandry by working on the peasant farmer on both the psychological and technical planes to induce an increase in his productivity without any radical changes in traditional social and legal systems”. This approach allows for the continuity of existing social institutions and land tenure arrangements. Development is to be initiated through improved extension work methods which, it is hoped, will encourage farmers to apply new crop varieties and new methods of production. This will enable them to produce more for the market, which, in turn, will probably require the development of new marketing organizations. It is envisaged that the development of better extension services, and the stationing of agricultural experts to tour farms and villages to give advice and to provide other services such as arranging loans, will establish new incentives that will lead to increased commercial production. The improvement of agricultural extension has frequently formed part of a more general programme of community development. The latter represents an integrated approach to the question

of rural development aiming to initiate improvements not only in agriculture, but in health, sanitation, craft industries, and in the level of literacy. Such programme, of course, require a number of trained personnel, technically qualified in agriculture or some such skill, who are placed at the local level to provide assistance.

The improvement approach was especially characteristics of the development policies pursued by British colonial government in Africa, India, and elsewhere. The improvement approach during colonial rule led to much greater control over peasant and tribal populations and only in certain zones to increased commercial orientation. Various governments encouraged the marketing of cash-crops through either government agencies (e.g. marketing boards) or government sponsored co-operative societies. These co-operatives were basically associations of small-holder farmers who grouped together for the specific purpose of marketing their produce. Thus colonial governments were willing to assist in developing an infrastructure concerned with distribution as well as production.

In most countries, the improvement approach was extended considerably after political independence. For example, India's first Five Year Plan (1951-56) stated that one of its aims was to increase agricultural production through the application of scientific knowledge and capital investment, and that this was to be achieved mainly through increased extension work among the peasant farming population.

Several writers have discussed the question of how to achieve optimal use of money and personal within an improvement policy framework. Two general points emerge. First, extension work should be concentrated in densely populated areas where soil and climate conditions are favourable and markets assured, but where is already evidence of land shortage. The second point is that work should concentrate on peoples who have already shown themselves receptive. This means, in fact, the

economically better-off areas, where educational levels are higher and where there is already some semblance of a rural capitalist class, or at least of some established groups of commercially oriented farmers.

From the economic point of view, the improvement approach appears to have achieved a great deal. There have been rapid increase in peasant production in developing countries during the last twenty or thirty years and this is mainly due to improved smallholder agriculture. Moreover, working with peasant farmers is a relatively cheap way of stimulating economic growth since the level of inputs required is comparatively low. Such a policy, however, has two fundamental shortcomings. In the first place, it leads to the reinforcement or development of socio-economic inequality in the countryside, sometimes resulting in a widening of the gap between the commercial farmer and the poor peasant or landless categories. And second, it is a slow-moving process which cannot be expected to produce quick returns.

#### **THE TRANSFORMATION APPROACH**

Although the improvement approach has produced tangible results in some areas and with respect to certain systems of production, dramatic changes have only infrequently taken place. The typical process is a gradual one of slowly increasing productivity and market orientation.

According to this approach, economic growth can only take place if there is a marked increase in the levels of inputs complementary to labour, or if a substantial part of the labour supply is siphoned off the land into urban-industrial employment, or alternatively, if major changes are introduced in the methods of production and cropping patterns so that the surplus can be more gainfully employed. Such changes, it is often argued, cannot be implemented thoroughly enough under an improvement



programme. Similar arguments are advanced concerning the necessity of introducing new forms of land tenure and larger production units so that economic of scale might be achieved and more efficient, mechanized forms of cultivation adopted.

These are some of the arguments offered by economist and planners for making a break with the improvement approach and pursuing a policy based more on a transformation of existing and social structures. Such reasoning coupled with certain socio-political objectives, such as the need to develop increased political control over populations in order to instill a greater commitment to national development goals, has led several governments to intervene more actively in development. They have sought, that is, to introduce new technical, social and legal system that allows for the development of modern agricultural techniques and a higher rate of capital investment, leading, it is hoped, to increased economic growth. The most visibly dramatic way in which this has been done through the setting up of new settlements which involve the larger-scale movement of population to new centers and through the implementation of land reform programmes.

The above two approaches are broadly differentiated in terms of their socio-economic goals: the improvement approach aims to bolster up existing pattern of economic growth and to promote increased production in the peasant sector, while the transformation approach seeks to bring about structural change through making a radical break with existing systems. Underlying these two types of policy are different conceptions concerning the nature and problems of socio-economic development in the Third World. Improvement policies rest fundamentally on a modernization view of change, and stress the importance of the diffusion of modern technology, skills and resources to the “traditional” sector, which for various reasons has lacked the motivation and opportunities to develop economically. This strategy, it is hoped, will

lead to the emergence of a “progressive” group of farmers who use improved techniques and produce for the market, and who eventually, through a “demonstration effect”, will encourage others to do likewise. This policy contrasts with the transformation approach which tends to draw its inspiration from a more radical tradition of social research. The tradition emphasizes the necessity of making a break with existing systems of peasant production and of eliminating neo-colonial patterns of exploitation. Several governments that have recently adopted a transformation approach have, in fact, legitimated their position by direct reference to some kind of dependency critique of Third world development problems.

Analysis of the social consequences of rural development policies entails consideration of many dimensions: the relation between the particular policy and other government measures affecting the rural population, the patterns of political control and economic differentiation in the areas of implementation; the organization and styles of leadership characterizing the promotion agencies and government departments involved; the struggles occurring within the government bureaucracy for control of particular programmes and scarce resources and the expectations and interests of the local population itself. A further crucial aspect concerns how different local groups interpret the general objectives and feasibility of government sponsored schemes, and how far the policy itself favours the interests of particular social sectors at the expense of others.

#### **IV**

#### **STRATEGY OF RURAL DEVELOPMENT IN INDIA**

After independence one of the major tasks before the Government was to formulate and execute the plans for restructuring the Indian society. The immediate step in this direction came with the abolition of the instruments of exploitation like

Zamindari and Rayatwari land tenure systems which had been responsible for the collapse of the Indian society. The First Five Year plan (1951-56), the laws regarding tenancy right and ceiling of land holdings were implemented. This enables the tenants to get back their land from the clutches of renters.

The early ideas about rural development emphasized on self-sufficiency of the village represented by Gandhian model of development. Gandhian perspective on development is distinct on two counts. It priorities (i) self-development over material prosperity; and (ii) development of village, rural industries and working at the grass roots modern machinery, technology and mills. Gandhi firmly believed that the essence of swadeshi consisted in producing enough cloth to wrap each Indian, which would be possible through spinning and weaving by the masses. The people needed to pledge themselves to the use of swadeshi cloth only. He added that the use of Khadi cloth for covering the body has greater implications. In his own words, “khadi must be taken with all its implications”. It means a wholesale swadeshi mentality, a determination to find all the necessities of life in India and that too through the labour and intellect of the villagers. The rural development paradigm adopted in the form of community development programme (1952) based on extension services to the village was a major departure from the Gandhian model of rural development.

The community development programme introduced in 1952 was an attempt at a systematic and integrated rural development in the country. The basic objective of the programme was to serve the rural people and to reach as large number of them as possible. The programme put into operation the concept of making a multi purpose functionary responsible for all rural development programmes at the grass root level so that it can meet the needs of the rural households. Thus, for the first time, the office of the village level worker (VLW) supported at the block level by a team of various

subject matter specialist was introduced and the community development block was made a unit of planning and development. For all the rural development programmes at the block level and for the block level functionaries, the block development officer (BDO) was supposed to act as a coordinator. The programme adopted a holistic approach to develop agriculture and allied activities, village infrastructure, social welfare, employment, housing and other basic facilities in the village.

The impact of the community development programme was analyzed by a number of social scientists (Dube, S. C. 1958; Lewis, Oscar 1958; Taylor, Carl C. 1958). They have attempted to assess the nature of the impact of the programme on the life of the rural people. It was observed that “the programme could not bridge the gap between the rich and the poor but conversely it widened the gap between the rich and poor sections of the village community (Singh, V. P. 1994: 7)

During sixties, when the community development programme was gaining momentum, the country passing through the food crisis and therefore the entire rural development efforts were shifted towards agriculture development. As a result Green revolution was achieved towards the end of sixties and the country gained self-sufficiency in food production. Despite the achievements of this policy it was observed that the farmers with small and marginal holdings did not gain from the green revolution and remained poor. The benefits of agriculture development did not percolate to the large number of agriculture labourers either. Introduction of modern farm technology and use of modern equipments/ factory made equipments rendered a large population of rural artisans’ jobless (Maheshwari, S. R. 1985; Singh, V. P. 1994; Thapliyal 2002).

In order to counter these maladies of the development process a series of special rural development programmes as corrective measures were also introduced

during early seventies. The most important among them was Small Farmers Development Agency (SFDA), which was directly focused on the small and marginal farmers, was introduced in 1973-74. In 1974-75 Marginal Farmers and Agriculture Labourers (MFAL) Agency Programme was also introduced to take specific care of the marginal farmers, rural artisans and the agriculture labourers. The MFAL which was similar to SFDA programme was merged with SFDA in 1976 (Singh, V. P. 1994: 9-10). To provide relief to the rural poor who mainly depended on daily wages, a crash Employment Programme introduced in 1974-75 in selected districts of the country where the concentration of agriculture labourers was very high. Again during 1975-76, another wage employment programme called as 'Pilot Intensive Rural Employment Programme (PIREP) was introduced in blocks which had chronic unemployment problem (Thapliyal 2002). Thus, towards the late seventies a number of programmes aimed at employment generation were under implementation.

During the 1978-79, SFDA and the beneficiary oriented element of all other programmes were merged into one and a new programme for self-employment, called as Integrated Rural development Programme (IRDP) was introduced in 2000 blocks initially with a provision to bring 300 blocks under the programme every year. Similarly, all programmes aimed at wage employment were merged together and brought under Food for Work Programme. In 1980, IRDP was expended to all the blocks in the country and simultaneously Food for Work Programme was also reorganized as National Rural Employment Programme (NREP) and extended to all blocks of the country. Later on two sub-programmes, namely, Training of Rural Youth for Self Employment (TRYSEM) and Development of Women and Children in Rural Area (DWCRA) were added as component of IRDP to provide the self-employment to rural youth and women respectively. A number of evaluative studies

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of these programmes have been conducted by social scientists. Some of the important studies of these programmes are of Hirway, Indira 1984; Rath, N. K. 1985; Maithani and Singh 1987; Singh 1995.

In case of wage employment Rural Labourer Employment Programme (RLEGP) was launched in 1983 as a component of NREP to provide guarantee of 100 man day's employment to the family members of landless agriculture labourers particularly in lean season. In 1989, these two programmes were merged into one programme named as Jawahar Rojgar Yojana (JRY) and the village panchayat was assigned to implement this programme.

By the end of nineties, all the six self-employment programmes, namely, IRDP, TRYSEM, DWCRA, SITRA, MWS AND GKY were merged into a single programme called Swarnajayanti Gram Swarajgar Yojana (SGSY) from 1<sup>st</sup> April 1999. SGSY was designed to make self-employment programme more effective and to eliminate confusion arising out of the multiplicity of the programmes. One of the major focuses of this programme was the emphasis on group schemes through Self Help Groups (SHGs). The success of DWCRA group in some parts of the country, particularly in Southern states strengthened the belief that the rural poor perform better in groups particularly if organized into self help groups (SHGs) and their chances of success are much better than the individual poor. Thus, the programme emphasizes on the formation of self help groups (SHGs), imparting them training for capacity building, inculcating the habit of saving and micro financing of the members for their various need. For this purpose, the DRDAs, blocks, banks, NGOs, and local bodies have to come together and with their coordinated efforts to organize SHGs.

**RURAL DEVELOPMENT PROGRAMME IN ASSAM**

In Assam more than seventy five percent people living in the village areas. The living condition of the rural people of the state is very poor. Thus under such situation, development of rural areas, must receive much attention in the various schemes designed for the development of state's economy. Accordingly, since the inception of economic planning in Assam, the first plan introduced Community Development Programme on 2<sup>nd</sup> October 1952 and during the first plan period 26 blocks, were set up. These programmes had undertaken ambitious programmes for all round development of rural areas which included improvement of agricultural techniques, exploring supplementary sources of employment, extension of minor irrigation facilities, improvement of transportation facilities, provision for social services and development of Co-operative Panchayats.

In spite of all these attempts the community development programme could not make headway as it failed to enthuse the villagers into the spirit of self-help, self-reliance and co-operative effort. Though some land reform measures were introduced but it failed to bring any substantial change in agrarian relations. Therefore, all agricultural labour households and a large proposition of small and marginal farmers and landless non-agricultural rural labour households are basically poor. With the growing size of population, the agricultural economy of the state has been facing the problem of labour surplus. In the absence of the growth of alternative occupation through the development of cottage and small industries and gradual decay and disappearance of rural artisans, the volume of disguised unemployment has been increasing day-by-day.

Accordingly, since the sixth plan onwards, various self-employment programmes and wage employment programmes were introduced. In the farmer category, The Integrated Rural Development Programme (IRDP) was undertaken in 1980. Again in the later category, the Food for Work Programme (FWP) was initiated in 1977-78 for generating gainful employment and to create durable community assets by utilizing surplus food grains accumulated as buffer stock. But this FWP created a little impact on the market wage rate, generation of employment etc. As a result, this FWP was restructured into the National rural Employment Programme (NREP) from October 1980.

At present, the State Government has been implementing various rural development programmes through a network of 219 development blocks functioning in the rural areas of the state. Out of 219 development blocks, 203 are in the plain district and the remaining 16 are in the hill districts.

Thus with a view to improve economic condition of the rural poor, a number of rural development programmes are under implementation in the state. Some of the programme are-

#### **INTEGRATED RURAL DEVELOPMENT PROGRAMME (IRDP)**

The IRDP was launched in the state in 2<sup>nd</sup> October, 1980 along with other states of the country. The main objectives of the programme is to provide financial assistance to the identified rural poor families for taking up income generating activities in the primary, secondary and tertiary sector of the rural economy. The programme is implemented with the financial assistance of the Central Government and state Government on 50:50 basis as a certainly sponsored scheme. The programme is implemented through DRDA at the district level. In 1998-99, the number of families assisted by the programme was 47,585.



## **TRAINING OF RURAL YOUTH FOR SELF-EMPLOYMENT (TRYSEM)**

TRYSEM was operated in Assam since 1980 as a supporting component of IRDP. The main aim of this programme is generating self-employment opportunities by imparting training to the rural youths in various trades and skills. During the year 1998-99, under this programme, a total of 6,714 numbers of youths were trained in various trades and vocations.

## **DEVELOPMENT OF WOMEN AND CHILDREN IN RURAL AREAS (DWCRA)**

This programme was introduced in 1982-83 on Pilot Project basis. The main objective of the programme is to provide women members of rural families below poverty line with opportunity of self employment on a sustained basis. Under this scheme, income generating activities are taken up by formation of groups of 10-15 women belonging to identified rural families. During 1995-96, a total of 856 groups of women were formed in Assam, out of which 635 groups were engaged in economic activities, which involved an expenditure of about Rs.193.38 lakh.

## **INDIRA AWAS YOJANA (IAY)**

The Indira Awas Yojana (IYA) was introduced in Assam in 1985-86 along with the other state of the country. The main objective of the scheme was to provide houses to members of S.T/S.C., free bonded labourers in the rural areas and also to non S.T/S.C rural poor lying below the poverty line at free of cost. The programme is implemented as two components, viz., (i) IAY construction and (ii) IAY upgradation where 80% of the total allocation is utilized for IAY new construction and 20% is used for IAY upgradation. In 1997-98, the rural development department has constructed 17,516 houses for the rural shelter less people and spent Rs.42 crore.

### **JAWAHAR ROJGAR YOJANA (JRY)**

The Jawahar Rojgar Yojana was launched in 28<sup>th</sup> April, 1989. The basic objective of this scheme is to generate additional gainful employment for the unemployed and under employed men and women in rural areas. The programme is funded on 80: 20 basis by Central and State Government restively. The JRY has set a target for reaching every single Panchayats and the scheme has made adequate provision of funds for their village Panchayats to run its employment scheme for the rural poor. The basic feature in this programme is that 30 percent of the employment generated particularly for women. Under this scheme a total of 179.08 lakh man days of employment were generated in the state during 1995-96, of which 16.59 lakh man days of employment were provided to women.

### **EMPLOYMENT ASSURANCE SCHEME (EAS)**

This scheme was introduced in Assam on 22<sup>nd</sup> October 1993 to make provision for “assured employment” for the rural poor. This scheme was implemented in the state, particularly in the identified backward blocks situated in the drought prone areas, tribal areas and hill areas. The scheme aims at providing gainful employment during the lean agricultural season to the able bodied adults in rural areas through creation of economic infrastructure and community assets for sustained employment and development. The volume of employment generated through this scheme in the state during 2001-02 was 200.06 lakh man days.

### **SWARNAJAYANTI GRAM SWAROZGAR YOJANA (SGSY)**

SGSY programme was implemented from 1999-2000 in Assam. This is a holistic programme covering all aspects of self-employment, such as organization of the rural poor into self help groups (SHGs), training, credit technology, infrastructure and marketing. The scheme is funded by the central and state government at the ratio

of 75:25 basis. The basic objective of this programme is to assist the rural poor families to come above the poverty line in three years, by providing them income generating assets through bank loan and government subsidy. This programme has been implementing since 1999-2000 in the form of “Golden Thread” for development of the indigenous Eri and Muga industry of Assam in eight selected districts namely Goalpara, Dhubri, Kamrup, Lakhimpur, Dhemaji, Kokrajhar, Karbi-Anglong and Golaghat.

There are some other rural developments programmes have been implementing in Assam like: National Programme of Biogas Development (NPBD), Jawahar Gram Samridhi Yojana (JGSY), Pradhan Mantri Gramodaya Yojana (Rural Shelter), Pradhan Mantri Gram Sadak Yojana (PMGSY), Integrated Wasteland Development Programme (IWDP) and National Programme on Bio-Gas Development (NPBD) etc.

From the above discussion it is observed that a good number of rural development schemes are being implemented by the Panchayat and Rural Development Department (DRDA) which are expected to create good impact on the rural economy of the state.

## VI

### **EVOLUTION OF SELF HELP GROUPS (SHGs)**

In India soon after independence, there has been aggressive effort on the part of Government, which concerned to improve the access of the rural poor to the formal credit system. Some of these measures have been institutional, while some others were through implementation of focused programmes for removal of rural poverty. Reaching out of the far-flung rural areas to provide credit and other banking services to the hitherto neglected sections of the society is an unparalleled achievement of the

Indian banking system. The main emphasis in the spread of the banking network and introduction of new instruments and credit packages and programmes was to make the financial system responsive to the needs of the weaker sections in the society comprising small and marginal farmers, rural artisans, landless agricultural labourers and other small borrowers falling below the poverty line.

It may be recalled that the role of SHGs in eradication of poverty was stressed by United Nations in 1977 to generate self-employment and contribute achieving empowerment especially of women. The Govt. of India started a project called 'Swashakti' Project assisted by IFAD and World Bank to promote the social and economic development of women by establishing self-reliant women's groups. Before 1999, poverty alleviation programmes with exception of DWCRA component of IRDP, were mainly family oriented. Presently, with the adoption of group approach SHG concept is popular in many areas of the country and is yet to gain momentum in many other parts.

It is evident from the experiences and the information available from various countries that the group concept meets the objectives when a suitable group is formed. Self help groups (SHGs) can attain sustainability easily, because its members understand each other and the group were formed only after mutual consultation for their own mutual benefits. Here every member feels free and discusses any issues affecting them. Groups are running on democratic and transparent lines. SHGs are very compact, neither too small nor too unwieldy. Generally SHGs are having optimum number of 10-20 members. Group's leaders are chosen by consensus. Possibilities are to make efforts by the group to train all the members for leadership role. It always leads for smooth change of leadership periodically. Here group members are invariably poor and belong to weaker sections. All the SHG members

meet regularly to discuss the agenda, to set rules, bye laws, to decide on the strategy on thrift pattern, lending pattern, eligible activities. Every member in the group is aware of rules, savings level and loan level. They can gradually learn the accounting and transaction procedures.

The adoption of SHGs approach for implementation of rural development programme can be seen as a major shift in rural development paradigm after the adoption of new economic policy in 1991. In fact, this approach was also a result of similar kind of experiments in other developing countries particularly the success of Gramin Bank Project in Bangladesh. In Bangladesh, it was in the year 1975 that Prof. Yunus studied the village women earn their livelihood by making bamboo products. Women, as they were poor, borrowed moneylenders at exorbitant interest rates and were able to get a benefit of 2% per day. This motivated Prof. Yunus to lend out a total of \$ 25 to \$ 43 to villagers in the same situation at modest interest rates. This proves enough to help them shake off the moneylenders and attain self reliance. According to Prof. Yunus, “if they could work for themselves rather than for others they could retain the surplus now appropriated by others. However, it will be possible if they get credit from the banks at low interest” (Yunus M. “Towards Creating a Poverty Free World”, 1997). This led him to resort his personal funds and the borrower duly returned the money. And thus began the Gramin Bank Project in the village Jobra in 1976. The programme developed over next few years and in 1983, it was transformed by government ordinance into **Gramin Bank**. The bank prefers women clients and operates door to door in isolated villages rather than from an improvisational office in an urban commercial center. The Bank tries to deliver goods to the poorest of the poor by giving due respect to the poor and their capabilities. As per the data available, the repayment rate is 98%. Grameen bank as a pioneer bank in

self help group programme tops the sector in terms of active membership, net savings and total disbursement (George 2000).

## **STAGES OF GROUP FORMATION**

Various experiments reveal that there are four stages in the process of promotion of SHGs.

### **➤ FORMING STAGE**

This is the first stage during which the facilitators (NGO etc) explain the concept of self help groups. After listening to this concept, women usually say that they are prepared to form a group. They give their names but it is observed that there exists an innate fear and anxiety. Some come forward to give their contribution on the same day and some others after two or three meetings. It takes one week to three months time between their first meeting and first lending. The group is trained to maintain their accounts. Each member gets his/her pass book from the group for ready reference. The member chooses a name to identify their group.

### **➤ STORMING STAGE**

In this stage, a lot of queries arise in the minds of the members of SHGs. The hidden anxiety and fear flare up. The conflict between the individual interest and group interest happen to flash. The members tend to argue with the organization that their savings will have to be distributed to them after a said period of one year or so. When the members are told the self help group is a continuous process, some of them may withdraw their membership claiming their contributions.

In certain group meetings, elderly women may raise query like this, "I am getting old, if something happens next year what will be the benefit for me?" This is a crucial stage for NGOs that the members are clearly educated that the SHG has been organized not like a chit fund group which will be wound up after a certain period,

sharing their saving and profits. The members are appraised that the group's growth is a continuous process which can run not only all through their lives but even by generations if they wish. Any problem will have to be solved only through the decisions of the members themselves and not by the organizers. In this stage the group members are ensured that everyone is the owner of the group and not a nominee by the NGO or any outsider. The members have their sole authority to decide as to what to make as by-laws, whom to select as members, how to settle the accounts if any untoward incident happens to any individual, what welfare activities are to be undertaken for the village etc. SHG members are enlightened what self help means and why it is the best.

➤ **NORMING STAGE**

In this stage, members chance to internalize the concept of self help groups. In the process of discussion in the group meetings, interactions, contributions, saving and lending, a mutual trust is being built and established among the members. Once the sense of being together is enjoyed by the group they tend to speak good about the groups to others. Group morale and group dynamics are found emerging. Collective decision making gains prominence.

➤ **PERFORMING STAGE**

Both the task and the maintenance functions of the group are clearly realized by the members of the group at this stage. Saving, lending and recovery activities go on smoothly with a sense of implied responsibility on the part of the members. They approach the bankers for further credit assistance. Family as well as village problems are discussed. Social obligations of the group are found articulated. They widen their hopes and thoughts that the group can surely be a tool for achieving socio economic

development through income generation and empowerment through collective action. At this stage the group matures to function on its own.

## VII

### STUDIES ON SELF HELP GROUPS (SHGs)

An overview of the pertinent research studies in the same research area helps the researcher to devise a sound methodology. The foundation of any research also lies on the studies undertaken in the past, as it provides the empirical study. Hence, a retrospect of the earlier studies is presented here with a through review of literature.

**Das, Barman and Baruah (1999)** in their study of performance of SHGs in Sonitpur district of Assam found that, the idea of SHGS flourished in the nineties at a time when formation of the non governmental organizations has become a trend with the objective of improving the socio economic conditions of both the urban and rural poor.

**M. Anjugam and T. Alagumani (2000)** studied the impact of micro finance through self help groups (SHGs) and the study revealed that, the SHGs helped its members to use the loan properly. It has increased the awareness of members for girl's education, improved outside contact and decision-making skill. The study has clearly indicated that if the group formation is correct, then definitely there will be a positive impact on all aspects.

**M.S. Kallur (2000)** indicated that, women in India are not only poor but also are victims of a multiple socio-economic and cultural factors. Formal arrangements made through banks and cooperative institutions have failed to provide resources to them and this has prompted the non-governmental organizations (NGOs) to organize women self help group (SHGs) to provide them credit and to encourage thrift habit among them. Finally it found that the group approach has brought to the surface many



operative latent traditional values like group support thrift, group action and sustainability of women SHGs.

**Purushotham (2000)** while studying the micro enterprise in Andhra Pradesh found that in several villages where seed cotton is grown, employment prospects of most of the workers (who are male members of SHGs) can be greatly improved if they possess the sprayers. This is because when the operations are to be carried out in a given time frame, the rents for these equipments go up and some times their availability itself becomes uncertain.

**Prasad (2000)** while studying the Self Help Groups in Kolar found that in many villages, community issues like drinking water, roads, and electricity and health services were addressed by the women's groups. The women involved themselves in various activities like desalting of tanks and working towards child development in addition to income generating activities.

**Murugan and Dharmalingam (2000)** reiterated that the concept of SHG serves to underline the principle "for the people, by the people and of the people." This was exclusively established for the poor. Self help group is a small economically homogeneous and affinity group of rural poor, which voluntarily agrees to contribute to a common fund to be lent its members as per group decision, which works for group solidarity, self and group awareness, social and economic empowerment in the way of democratic functioning.

**Puhazhendi (2000)** revealed from his study that participation of women in SHGs made a significant impact on their empowerment both in social and economic aspects. The women members were able to increase their income level manifold and contribute to the development of the family. In the process, many women members expressed that they were participating in the financial decision of the family, which

they were not allowed during the pre-linkage period. He observed that regularity in attending meetings and saving habit was a disciplinary measure in SHGs.

**M. Manimekalai and G. Rajeswari (2000)** revealed from their study that women SHGs earned the highest profit from agriculture, followed by trade related activities and catering service. A majority of the sample units did not market their products outside the district but sold their products directly to the consumers. The income of the SHG women almost doubled after taking up micro enterprises. The study reported a significant difference between the mean performance of entrepreneurs based on their age, community, education, and previous experience. Among these the majority of respondents faced serious problems, in addition to non-availability of raw material, lack of infrastructure facilities including marketing, lack of support from family members in running the enterprises, etc. The provision of microfinance by the NGO to women SHGs has helped the groups to achieve a measure of economic and social empowerment. It has developed a sense of leadership, organizational skill, management of various activities of a business, right from acquiring finance, identifying raw material, market and suitable diversification and modernization.

**Tandon (2001)** illustrated that SHGs is a supportive educational, usually change-oriented mutual aid group that addresses a life problem or condition commonly shared by all members. Its purpose may be personal or social change or both. Significance of social movement is power to the people, which has born out of the realization that society's traditional arrangements for solving their problems are inadequate. Self help refers to provision of aid to self and self-empowerment by mobilizing internal resources of persons, group or the community.

**Satish (2001)** in his study of SHGs found that, Poorest are generally not members of any SHG. In fact, some of them are even aware of the efforts made by NGO/banks in forming such groups. Therefore, attempts should be made to incorporate poorest of poor in SHGs.

**Paul (2002)** states that women empowerment is directly related to national development. The effective management and development of interest, skills and other potentialities are of paramount importance. It could be well ascertained that women's development could be achieved by empowerment, which thereby enables women to be the agents of social change. Organizational behavior is the key to women's empowerment. Women's organizations in groups provide them a platform to discuss helplessness in their own society. In this process, the women will not only identify their problems, but also become aware of their innate capacities in order to raise their status in the family and in the society.

**Vijayanthi (2003)** in her study of SHGs found that, the awareness level of SHG members was maximums on the importance of environmental sanitation. Decision-making skill related to education of children was also maximum. The self-empowerment level was higher at family level. It included important in the social status of family, commanding respect from neighbours, participating in the community activities, motivating their women to join SHGs and making better decisions in the family.

**Sahu (2003)** conducted a research study in Angul and Cuttack block of Orissa and as far as assts creation is concerned he observed that, the women SHGs organized in rural areas of Orissa could be able to create both the physical and financial assets from their respective enterprises. The assets (both physical and financial) created by

women SHGs out of their enterprises shows the significant achievement of economic empowerment of the rural women.

**Devasia and Antony (2004)** ascertain that the social development is a plea for integrated view of the scope of development, which would embrace development in all aspects. This can be ensured with self- help groups. It should mean growth and development in all aspects, which encompasses equality, status, security and complete physical, mental and social well-being of the group. The social status of women is a reliable indicator of the social development of a society. Women's development is possible only if are given opportunity to develop freedom and participation in decision making.

**Chatterjee (2004)** conducted a study on SHGs in Jaunpur district of Uttar Pradesh and found that, where more than 1.50 Lakhs families are below the poverty line in the district under such circumstances only 3909 SHGs could be formed in the district in a span of four years. The performance is poor in the sense that whatever the target was set to form SHGs (5022) achievement could not be made, as achievement 3909 (77 percent) that too in four years can be rated as poor.

While giving his suggestions and conclusion **Chatterjee (2004)** further observed that, bank officials were reluctant to cooperate with SHGs. A detailed analysis has made here with Shahganj block where block officials were trying to cover more SHGs for taking up economic activities but bank officials were reluctant to finance. Even the study reveals that revolving fund was released to many SHGs but bank officials did not release a meager amount of Rs.15000 as CCL. They in most of the cases adopted dill-daily technique for releasing CCL. It seems they go by their own theory of profit or other considerations. Under the circumstances, they should be

motivated so that they work for pro-poor friendly people. For this, motivation camp and / or other means may be found out.

**Singh and Devi (2004)** studied the functioning of SHGs in Manipur and found that, micro credit is a powerful economic tool, expected to transform the social and economic life of the poor. Micro finance or a small loan is no handout, but a helping to the poor in the fight against poverty. It is an attempt to transform the banking into mass banking for making a poverty free world.

**Verma and Pawar (2005)** have stated that, SHGs experiment got success in a few pockets of the country. Andhra Pradesh itself has 47.9% share of total SHGs formed in India. There is an urgent need to spread this throughout rural India.

**Sahoo (2006)** studied the functioning of SHGs in Orissa and stated that, regarding the management of the work of the SHGs it was found that 60% of the SHGs were managed by the secretaries while 20% of them were managed both by secretary and treasurers, but another 20% of SHGs was managed combined by their respective Secretary, Presidents and Treasurers.

**Rosalina and Violet (2007)** had stated that, the SHGs can create a unique, alternative, need based credit delivery mechanism by pooling their meager resources for catering to their consumption and occupational requirements. Survey of SHGs, carried out by NABARD, spread over 11 states provided interesting results. Over 90 percent of recovery of loans by the SHGs makes a marked contrast to the poor recovery in respect of agricultural credit provided by banks and cooperatives. Loans are need-based and are sanctioned without delay.

**R. Narasimha (2007)** stated that, SHGs have an in-built mechanism where emphasis has given over capacity building of women through developing their dialoguing skills. An SHG functions through its regular meetings, where members

perform transactional activities and discuss over different related issues. This discussion among the group members is the means through which they give voice to their needs and it proves to be platform for addressing their social and economic problems and enlightening their inner selves as well. Social mobilization through self help groups is inevitable for political empowerment. The concept of SHG exists prior to any intervention. The members are linked by a common bond like caste, blood, community and place of origin or activity in these natural groups of affinity groups. It is imperative that promoted in the way that facilitates a cooperative, participative and empowerment culture.

**Jerinabi (2007)** in her study stated that, women entrepreneurship through SHGs plays an important role in increasing national productivity in terms of savings, internal lending and banking habits. The trend if continued would pave the way for self reliance and economic and social empowerment of women. From women's point, their involvement in and ownership of a successful institution enhance their collective strength and empowerment that comes with organization. From a wider perspective, member owned and controlled micro credit institutions can help to strength our democratic systems.

In India on a pilot project basis NABARD initially launched 500 SHGs in 1992 has crossed a mark of one million SHGs during the last 12 years. As many as 10.79 lakh SHGs have been financed by various financial institution till 2004 involving 1.61 cores rural families. The programme, which is acknowledged as the worlds largest micro finance programme has by now entered its stabilization phase (NABARD, 2004).

**NABARD -2004** in its report states that as on March 31<sup>st</sup> SHGs in India have been spread over in 30 States and Union Territories participating banks were 560 of

which 48 were commercial banks, 196 RRBs and 316 co-operative banks. The total number of bank branches participating in SHGs activities is 35,294.

The self help groups (SHGs) are viable alternative to achieve the objectives of rural development and to get community participation in all rural development programmes. The SHGs are nuclear development families committed to integrated sustainable development through the principle of empowerment of people. The weaker sections of society are empowered to take charge of their lives and their community and to fashion their future using all resources available to them. The members of SHGs are expected to make small savings and pursue group enterprise activities. The group based approach enables the poor to accumulate capital by way of small savings and also help them to have easy access to formal credit facilities. The joint liability of the group enables the poor to overcome the problems of collateral security and also have an inbuilt mechanism of peer monitoring leading to better loan recoveries and productive credit facilities. Most of the village people in India are socially backward, illiterate, low motivation level and poor economic base. Individually, a poor is not only weak in socio-economic pattern but also lacks access to the knowledge and information, which have become important components of today development process. But in a group, the poor are able to overcome many of these weaknesses.

The concept of SHGs is catching up as the most viable means in recent years to empower women, especially at the grass root level. Women have shown extraordinary dynamism in organizing themselves in group activities for income generation, better bargaining power and improvement in the quality of life. Membership in a group provides women a legitimate forum beyond the private domestic sphere and inputs to which they previously lacked access. It permits a

gradual building of her capacity to interact effectively and redistribute economic opportunity. It is against this backdrop that the SHGs have emerged as an alternate structure to cater to the needs of the women. The equality of women with men remains a myth till women become economically self-reliant. Women need to be viewed as productive members of the society, sharing equal authorities and responsibilities. The status of women is, thus closely connected with the economic position, which in turn, depends upon the access to productive resources of the country.

Assam is one of the states of North-Eastern region. The SHGs momentum in Assam is also taking a fast track. According to an official report in Assam about 90,000 SHGs are operating and of these about 25,000 SHGs are linked with banks. The NABARD, Rashtriya Grameen Vikash Nidhi (RGVN), North-Eastern Financial Development Corporation (NEFDC), State Institute of Rural Development (SIRD) and various other banks as well as NGOs are actively involved in this programme.

During the year 2003-04, 8209 SHGs were provided with Rs. 141.82 million as loans by bank in the North-Eastern region. The cumulative number of SHGs credit linkage in the North-Eastern region rose to 12,278 with bank loan of Rs. 202.14 million disbursed to them.

Thus, the SHGs approach to rural development is the major departure in development paradigm in last one decade mainly after adoption of the policy of globalization, privatization and liberalization. Although, the idea of SHGs is somewhat similar to the cluster approach emphasized in original IRD planning document but it is very different from that in the sense that its main emphasis is on formation of a 'group of beneficiaries' rather than a 'network of beneficiaries'. To what extent these groups of beneficiaries are able to achieve the objectives of rural



development in India, where society is highly segmented and stratified on the line of caste, class, religion and language, can be determine only by conducting an empirical study of SHGs from sociological point of view. The study may be focused on the following questions:

1. What are the structural patterns of SHGs in Assam?
2. How the SHGs are working (functioning) in Assam?
3. What is the impact of SHGs on the socio-economic life of the rural people particularly on the beneficiaries?
4. To what extent the present programme design is suitable to fulfill the development needs of Assam?

In order to address these questions the proposed study is aim to understand the structure and functioning of self help groups (SHGs) and its socio-economic impact on the beneficiaries in Chandrapur and Chayani Barduar blocks of Kamrup district in Assam.

## **VIII**

### **OBJECTIVES OF THE STUDY**

The objectives of the study are as follows:

- 1 To understand the structural patterns of SHGs in Assam.
- 2 To understand the working (functioning) of SHGs in Assam.
- 3 To evaluate the impact of SHGs on the socio-economic life of the rural people particularly on the beneficiaries.
- 4 To examine the suitability of the present programme design to fulfill the development needs of Assam.

## **METHODOLOGY:**

### **UNIVERSE AND SAMPLE**

The universe of the present study is Chandrapur and Chayani Barduar blocks of Kamrup district in Assam. Assam, one of the largest state of North-Eastern region, occupies an area of 78,438 sq. kms. The total population of Assam, according to 2001 census, was 2, 66, 55,528 persons and the density of population was 340 persons per sq. km. In 2000-2001, at current prices the *per capita income* of Assam was only Rs. 10,718 compare to the all India level of Rs. 16,563. The Kamrup district, the largest district of Assam, comprises 9.44% of the total population of Assam. In Kamrup district there are 17 development blocks. Most of the people in Kamrup district (except greater Guwahati city area) are engaged in agriculture and allied activities. In recent times, the number of self help groups has been increased. It is estimated that in 17 development blocks in Kamrup district about 25,000 SHGs are operating and out of these, 10,000 are linked with different commercial banks and RRBs. In Chandrapur block about 900 SHGs are operating and in Chayani Barduar block about 1100 SHGs are operating. Most of the members of SHGs in Kamrup district are mainly engaged in handloom and handicrafts, piggery, goatary, duckery and poultry.

In this study about 45 SHGs (5% from the universe) from Chandrapur Block and 55 SHGs (5% from the universe) from Chayani Barduar Block were selected on random sampling basis. The sample was drawn from the list of SHGs available with financial institutions/government agencies/ NGOs working in study area. The proportionate sample for government financed and NGO financed SHGs was drawn from those lists.

## **RESEARCH DESIGN**

The preliminary strategy or outline set to have a complete and detailed data before the data collection is called research design (Royce A. Singleton, Jr., and Bruce C. Straits 2005:69). The design of the study is something that directs the research. The present study about the structure and functioning of self help groups in Chandrapur and Chayani Barduar block of Kamrup District in Assam is basically descriptive in nature.

## **TECHNIQUES OF STUDY**

Direct interview technique was followed in a face-to-face situation at the doorsteps of the respondents.

Interview schedule was used as the tool for data collection from respondents. Pre-designed and pre-tested interview schedules were used for collecting information from the SHGs members of the study villages.

## **PILOT STUDY**

A pilot study was conducted in two villages of Chayani Barduar block and Chandrapur block, i.e. one from each block. The respondents were contacted to enlist their views on the broad areas of SHGs and their responses served as the basis for constructing the tools of data collection.

## **PRE-TEST**

An interview schedule, initially prepared for trial run, was administered to beneficiaries as well as for self help groups (SHGs) in these villages. The experiences gained from the pre-test helped in finalizing the schedule with certain modifications in structuring and arranging the order of question and also in finalizing the appropriate questions/statements.

## **TOOLS OF DATA COLLECTION**

Different kinds of tools and methods were employed to procure information from various self help groups (SHGs). These tool and methods are:

i) One hundred interview schedule for eliciting information (socio-economic background) of group members (beneficiaries) of the SHGs from the secretary/president or any member of the group who was present during the time of interview. These schedules had covered following dimensions: locality of beneficiaries, age of the beneficiaries, sex of the beneficiaries, religion of the beneficiaries, caste-category of the beneficiaries, language of the beneficiaries, educational qualification of the beneficiaries, occupation of the beneficiaries, family size of the beneficiaries, land holding of the beneficiaries, marital status of the beneficiaries, monthly income of the beneficiaries and bank account of the beneficiaries.

ii) One hundred interview schedule for eliciting information (structure and function) from president or secretary of the SHGs. These schedules had covered following dimensions: location of the SHGs, completion years of SHGs, establishing agency, sex, religion, language, number of members in the group, criteria of selection of SHG members, selection of new members, monthly saving, support received from different agencies, training of SHG members, training activities, organization of meeting of SHGs, selection of executive members, completion years of the executive members in their respective post, income of the SHG, monitoring authority, linkages with bank and the bank name, causes for bank linkages, productive activities taken by SHGs, linkages with co-operative society, amounts with SHGs through bank, cash in hand and loan amount, rate of interest of loan amounts, linkages with development

programmes, tackling of social issues by SHGs, marketing of the product, name of the selling place, future plan of the SHGs.

iii) One hundred interview schedule for eliciting information (economic and social impact) from group members (any one from each group) of the SHGs. These schedules had covered following dimensions: total earned members in the family, total dependent members in the family, primary occupation of the respondents, subsidiary occupation of the respondents, reason for not starting the productive activities, income of the respondents, total family income of the respondents, income before joining the SHG, inter loaning of SHG, rate of interest, amounts of loan, individual bank account and types of account, name of the banks, amounts in the banks, knowledge of government scheme, training received, name of the training, duration of the training, name of the trainer, satisfaction with the training, impact of the productive training, support of male members, name of the selling place of the productive goods, name of the helper for the selling of the product, initiator to join as a members of SHG, kind of help, attendance of meeting, mobilization of social problems, idea about amounts with SHGs, decision taker for providing the loan, problems faced as member of SHG, types of problems, important benefit from SHGs, status of women and confidence to face personal, family and social problems.

iv) CASE STUDIES: Survey methods have the inherent limitations of being unable to go in depth, into the nuances of individuals' life, work struggle and its success or failure. Case studies bring about minute details from the case studied, that the survey can not. Hence the study also used case study method among 20 respondents (10 from each block).

In addition to this non-participant observation method was also used to gather information about the SHGs. That was followed by detailed conversations with block

level functionaries, officers of financial institutions involved in the programmes, NGO office bearers in order to understand programme design and problems in planning and in implementation of SHG programme in Kamrup district of Assam. The records and reports of different institutions were also consulted.

#### **DATA COLLECTION AND ANALYSIS**

The data were scrutinized and edited before they were subjected to coding and verification. Later, these data were computerized for tabulation. Data were analyzed using different tabulation procedures.

#### **DURATION OF THE STUDY**

The interview schedules were administered during the months of December 2007 to October 2008.

#### **SCOPE OF THE STUDY**

The proposed study is critically evaluate the strategy of rural development through SHG approach in Kamrup district of Assam. It will be useful for government and other related institutions to undertake the different plans and schemes for the SHGs. It is also examine the concept of SHGs in an empirical situation. Therefore, it will help in refining the concept of SHGs at theoretical level as well.