

SELF HELP GROUP

Self-help group is a method of organising the poor people and the marginalized to come together to solve their individual problem. The SHG method is used by the government, NGOs and others worldwide. Take the example of the **Grameen Bank of Bangladesh**, it is a people bank formed by the poor to provide easy loans for themselves. The poor collect their savings and save it in their own banks. In return they receive easy access to loans with a small rate of interest to start their micro unit enterprise. Thousands of the poor and the marginalized population in Bangladesh are building their lives, their families and their society through Self help groups. The 9th five year plan of the government of India had given due recognition on the importance and the relevance of the Self-help group method to implement developmental schemes at the grassroots level.

SOCIO ECONOMIC CHANGES THROUGH SHGs

Villages are faced with problems related to poverty illiteracy, lack of skills health care etc. These are problems that cannot be tackled individually but can be better solved through group efforts. Today these groups known as Self help groups have become the vehicle of change for the poor and marginalized.

WHAT ARE SHG

- SHG is a development group for the poor and marginalized
- It is recognised by the government and does not require any formal registration
- The purpose of the SHG is to build the functional capacity of the poor and the marginalized in the field of employment and income generating activities
- People are responsible for their own future by organising themselves into SHGs

GUIDING PRINCIPLES FOR FORMTION OF SHGs

The strong belief by the individual to bring about change through collective efforts

- Effort is built on mutual trust and mutual support
- Every individual is equal and responsible
- Every individual is committed to the cause of the group
- Decision is based on the principles of consensus
- The belief and commitment by an individual that through the group their standard of living will improve
- Savings is the foundation on which to build the group for collective action.

MEMBERSHIP

- An SHG shall have a membership of not less than 10 persons or more than 20.
- Members should reside in the same village
- Membership should be based on affinity
- The groups could be mixed /male or female
- The members of the groups should preferable be from the low-income group.

THE FORMATION OF SHG

Persons interested in forming SHGs should meet and discuss the following before they form

- The meaning of SHG
- The guiding principles of SHGs
- Membership in SHGs

- Management of SHGs
- Types of economic activities they would like to take up individually or as a group
- Amount of savings to be made by the members

NUMBERS OF SHGS IN A VILLAGE

There can be as many as possible SHGs in a village. In order to identify them each SHG may give themselves a name or a number e.g.

- Mawlieh village SHG-I
- Mawlieh village SHG-II and so on

MANAGEMENT OF THE SHGs

- SHG elect a member as a chairman and Secretary of the group for a period of one year. The chairman acts as the representative of the groups and chairs group meeting while the secretary maintain records
- Every decision of the group must be shares consulted and agreed by everyone
- The group frames rules and regulations
- The group must open an account with a bank
- They must meet at least once a month
- Maintenance of records. The following books are maintained by SHG
 - Register of Minutes
 - Register of accounts (Cash Book/ ledger/ vouchers/ receipts etc)
 - Admission register
 - Attendance register
- SHGs will close the annual account on the 31st march every year and the secretary will present the annual reports related to savings loans activities etc.
- The agenda of each group meeting shall consist of te following
 - Monthly savings accounts reports and bank account reports
 - Monthly savings
 - Other matters

INCOME GENERATING ACTIVITIES AND LOAN SYSTEM

- SHGs must save for at least 6 months before they can be linked to a bank credit or provide loans to its members
- The rate of interest in lending among members from the groups fund will be decided by the group as well as the amount to be given and the rate of interest to be charged.
- Loans maybe given to members for either productive or consumption purposes subject to the groups decision
- All types of Income generating activities of SHGs must be supported by a brief market survey
- All income-generating activities require functional skills. SHGs must promote its members to be trained in their selected activity to enhance their capability for sustainable surplus production

DISQUALIFICATION FROM SHGS

- A member being absent consecutively 3 times from SHG meetings
- A member who violated the objectives principles and management of the group and the rules and regulation set by the group and found in its written constitution