THE PERFORMANCE OF SELF HELP GROUPS EFFECT ON RURAL DEVELOPMENT

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ABSTRACT

Self-help groups (SHGs) play today a major role in poverty alleviation in rural India. A growing number of poor people (mostly women) in various parts of India are members of Self-help groups and actively engage in savings and credit, as well as in other activities like income generation, natural resources management, literacy, child care and nutrition, etc. The savings and credit focus in the Self-help group is the most prominent element and offers a chance to create some control over capital, albeit in very small amounts. The Self-help group system has proven to be very relevant and effective in offering women the possibility to break gradually away from exploitation and isolation. The Self-help group movement has gathered pace in countryside and is directly or indirectly contributing towards the economic development of rural areas. Saving and credit instruments used by the SHGs to promote thrift among target-groups, the manner in which the savings of the group are utilized, the purposes for which loans are advanced by the groups and their relative terms and conditions, the performance in regard to loan repayment and other such issues are discussed below. This article throws light on forming self help groups in rural areas as well as its effect on the rural economy.

KEYWORDS: Credit, Economic Development, Rural Economy Rural Employment, Self-help Groups, Savings.