

# Self- Help Groups, a model for Economic Growth in Nagaland

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**Abstract:** The Economic status of a nation or a state is largely associated by the presence of industries, companies and manufacturing units. The state of Nagaland though surprisingly devoid of the presence of such industries and companies has been making steady progress over the years in its economic status but at a slow phase. The introduction of the Self- help Group scheme in the state in 1999-2000 has been a blessing to the people in many respects. The present paper dwells on the immense contribution made by the SHGs towards the growth of the state's economy. It brings out to light the role of SHGs in strengthening the economic position of the state, employment opportunities generated and the number of people seriously engaged in the SHGs. The paper attempts to examine the huge potentiality SHGs have in the absence of industries and companies by making a case study of three districts of Nagaland viz. Peren, Kohima and Dimapur districts. It also brings out the SHGs –Bank linkage programmes in the state. For this purpose the paper is divided into three sections. Section I deals with introductory remarks and outlines, the significance of self help groups for employment generation with the infusion of low capital. It also provided an input to analyse the data relating to self help groups from an all India perspective Vis a Vis to self help groups in north eastern states. Section II draws attention of the economic profile of the state and also focus on the sample size for the study emphasising on the impact of self help groups and their contribution to socio- economic development. Section III analyses the findings of the study and provides concluding remarks and suggestions.

**Keywords:** Bank-linkage, Economic empowerment, income generation, low capital, potentiality. Self help groups, sustainability.

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## SECTION: I

### 1. INTRODUCTION

Self help group movement have gained momentum since, its successful introduction by Prof. Muhammad Yunus in 1976 in a village near Chittagong, Bangladesh to assist improvised villages. In India the concept of SHGs got crystallised into effective action from the State of Andhra Pradesh which recorded its full fledge SHGs movement with Bank linkage from 1995. The Self- Help Groups are voluntary associations of persons formed by 10-20 members, who come together in order to achieve common objectives. The members are usually from homogenous economic backgrounds. Self- help and mutual help are the core foundation stones upon which they are based. They are formed for different purposes, with wide ranging scopes from managing of common pool of resources to that of rendering public utility services, and establishing permanent bases for livelihood. The long felt need to establish a platform for mass involvement of people in poverty eradication became a reality when the government of India launched SHGs officially in 1992, spearheaded by NABARD. This paper brings out the status of members post SHGs along with its impact to the economy of the state. Since its official launching of SHGs in Nagaland in 1999-2000, the contribution of the SHGs to different fields has been kept in the lime light. Serious thought has been given to take SHGs as a model for economic growth in Nagaland in this paper.

## 2. SIGNIFICANCE OF THE STUDY

The state's economy is characterized by agriculture, small trade as well as the service Sectors. There has been a loop sided growth in the different sectors over the years, which gives rise to the under development of few sectors like the primary sector. Unemployment problems were on the rise because of the mad rush for government jobs. This added woes to the state governments' burden of tackling the task of job creation. In order to address these problems, the state government launched a special pilot initiative called the 'Nagaland empowerment of people through economic development' (NEPED) through this the farmers were provided financial assistance, SHGs for women were organized and also imparted technical trainings to women. Self Help Groups are the best facilitators of rural employment and income generation, income distribution and empowerment of rural women. SHGs are one of the best sources of restructuring the rural live at grass root level. The formation of this type of associations is simple, easy and requires low capital. The SHGs provides the platform to the members to come together during emergencies, disaster, social problems, and economic crisis. The SHGs programme with a very simple approach but multi- dimensional package perfectly suiting the less privileged and economically weaker sections of the society is nothing but a special gift to the state

## 3. OBJECTIVE OF THE STUDY

The study has been undertaken with the view to achieve the following specific objectives:

1. To examine the number of SHGs involved in various activities particularly, their involvement in primary sector, secondary sector and tertiary sector.
2. To analyse the role of the SHGs in the economic development of the state.
3. To evaluate the role of SHGs in employment generation in Nagaland.
4. To study the SHGs- bank linkage programme in the state.

## 4. METHODOLOGY

The selection of these districts for special case study has been done partly on convenience sampling method and partly on some logical considerations. Data of the study were derived from primary as well as secondary sources. The primary data are collected through the following modes:

1. Personal field study of the activities undertaken by the SHGs.
2. Direct personal investigation by asking questions and recording feedbacks from the members.
3. Indirect oral investigation through the promoting agents and banks.
4. Scheduled questionnaires distribution to respondents (SHGs members).

The secondary data were gathered from sources like journals, books, government publications, reports of departments and financial institutions. Dimapur was opted on the ground, being the commercial city of the State with the highest density of population and most widely represented district and the only district connected with railway and air ways. Kohima- being the capital city of the state where all the major offices along with facilities of health, service, education, market and other privileges are available. Peren district was chosen as a sample to represent the other rural districts of the state. Importantly considered as one of the most vibrant districts in agricultural activities with potential for further development and growth.

**Over view of SHGs an all India Perspective:** A table in this regard containing the statistics of the SHGs in India as on 31<sup>st</sup> March 2013 can be represented below:

**Table No.1: Statistic of SHGs in India as on 31<sup>st</sup> March 2011**

State/ UT	Number of SHGs	% in total
Andhra Pradesh	1466225	19.65
Tamil Nadu	943098	12.64

Maharashtra	760161	10.19
West Bengal	666314	8.93
Karnataka	564545	7.57
Orissa	52,1152	6.98
Kerala	493347	6.61
Uttar Pradesh	470157	6.30
Bihar	248197	3.33
Assam	245120	3.28
Rajasthan	233793	3.13
Gujarat	192834	2.58
Madhya Pradesh	153817	2.06
Chhattisgarh	118167	1.58
Jharkhand	87205	1.17
Himachal Pradesh	53113	0.71
Uttarakhand	44295	0.59
Punjab	40919	0.55
Haryana	35319	0.47
Tripura	34312	0.46
Puducherry	22081	0.30
Manipur	10306	0.14
Meghalaya	10653	0.14
Nagaland	9866	0.13
Goa	7926	0.11
Arunachal Pradesh	7079	0.09
Jammu & Kashmir	5569	0.07
A & N Islands (UT)	4750	0.06
Mizoram	4592	0.06
New Delhi	3095	0.04
Sikkim	2811	0.04
Chandigarh	964	0.01
Lakshadweep	164	0.00
Total	7461946	100.00

The analysis of the table reveals the presence of SHGs in all the states of the country. At the same time points out the high concentration of SHGs in few states like Andhra Pradesh, Tamil Nadu, Maharashtra, west Bengal and Karnataka. The other states of the country are found to have SHGs but at a lesser proportion. It may also be pointed out that, there are 18 states which have less than 1% of the SHGs. The distribution on the basis of region could also be presented for the North eastern part of India.

**Table No. 2: Statistics of SHGs in Northeast India**

State/ UT	Number of SHGs	% in total
Assam	245120	75.48%
Arunachal Pradesh	7079	2.18%
Manipur	10306	3.17%
Meghalaya	10653	3.28%
Mizoram	4592	1.41%
Nagaland	9866	3.08%
Sikkim	2811	0.87%
Tripura	34312	10.57%
Total	324739	100%

In the case of North east the state of Assam holds the lions share with 75.48%. The other states are still in the process of implementing it. The next ones' in order of the number of SHGs concentration comes Meghalaya with 3.28%, Manipur 3.17%, Nagaland 3.08%, Arunachal Pradesh 2.18%, Mizoram 1.41% and Sikkim 0.87%.

## SECTION: II

### 5. ECONOMIC PROFILE OF THE STATE

The economic status of a country or region can be understood from the contribution to the Gross Domestic Product during a specified period. In the case of Nagaland the 'Gross State Domestic Product' (GSDP) stands as the best indicator of the economic performance and growth of the state. The State's Domestic Product (SDP) measures the growth patterns of the economy at the same time bring to light the structural changes taking place in the state's economy. For the purpose of estimation of SDP, on the basis of activity the economy of the state is divided into the following three sectors Viz.-i). Primary sector ii). Secondary sector and iii). Tertiary sector. The table given below explains to us the contribution of the three sectors during the year 2010-11 at constant price and current price.

**Table No.3: Economic profile of the state for the period 2010-11**

Sector wise	Gross state domestic product and net state Domestic product at current price Amount in Rs. lakh		Gross state domestic product and net state Domestic product at constant price Amount in Rs. lakh	
	GSDP	NSDP	GSDP	NSDP
Primary sector (which includes, agriculture, forestry & logging, fishing, mining & quarrying)	308251	296012	254779	246460
Secondary sector (which includes, manufacturing, construction Electricity, gas and water supply)	154241	134338	116213	100585
Tertiary sector (which includes, transport & communication, trade, hotels & restaurants, banking & insurance, business services, public administration, other services.)	713445	654612	554407	511674
	1175937	1084962	925399	858719

It is seen that in the year 2011 the contribution of the primary, secondary and tertiary sectors are Rs. 308251 lakhs, Rs. 154241 lakhs and Rs. 713445 lakhs respectively. The main contributor for the primary sector comes from Agriculture. In the case of secondary sector, the major contribution comes from construction which amounts to Rs. 154241 during the period 2010-11. As for the tertiary sector the highest contribution came from Real Estate, ownership of dwelling, business services, and public administration. It is observed that the sector contributing most to the states GSDP comes from the Tertiary sector which accounts for 52.36% towards the economy of the state during 2004-05, and the figure even going higher during 2010-11 to 60.67%. The contribution of the primary sector during the same period is 34.87% and 26.21% respectively. The figure indicates reduction in income by 8.66% and the share of the secondary sector is recorded at 12.77% and 13.12% respectively.

### 6. SELF- HELP GROUP (SHG) AND EMPLOYMENT SCENARIO IN THE STATE

Nagaland is rated to be having the highest number of government employees among the states in the country. The dependency of the people on government jobs rather than taking up private entrepreneurial businesses tremendously puts pressure on the state government. The SHGs which require low capital investment is very appropriate in this kind of circumstances. In some instances women specific groups are to be form, for example the SHGs formed under Women Development department under the team "transformative Livelihood intervention Project". Here SHGs extend its scope

towards addressing issues faced by women in the society. It also empowers women in various respects economically, socially, politically, and morally. They improve the socio- economic status of the women, which change the role of women from that of a housekeeper to an organizer, manager and decision- maker.

The most important aspect of looking at the SHGs is that the SHGs are considered as the champions of poverty alleviation, because it generates employment opportunities. In the wake of the increased in population, the need for obtaining gainful employment have been in the forefront ever since the time of statehood. The needs could not be met by the available means, due to the failure on the part of the state Government in creating job avenues, lack of job opportunities, and also the mindset of the people in opting for government jobs. The following table could be presented to give a picture of the employment scenario in the state as on 31<sup>st</sup> March 2011.

**Table No. 4: Distribution of government employees of Nagaland according to status for the period 2007- 2011**

Year	Class I	Class II	Class III	Class IV	total
2007	3426	2120	56305	21547	83398
2008	3558	2371	58002	22604	86535
2009	3561	2400	59044	22536	87541
2010	3632	2380	60843	23664	90519
2011	3707	2401	61264	23936	91308

(Source: statistical handbook of Nagaland 2013);

The figures as per the table indicates, that the State Government over the years have provided job to 91,308 out of which 3707 are placed in class I, 2401 in class II, 61264 in the class III and 23936 in class IV status as per 31<sup>st</sup> march, 2011. The number of establishments under central government, state, quasi central, quasi state and local bodies' accounts for 1,141 units. The analysis of this table shows that the number of employees in the class III and class IV are predominantly high in comparison to class I and Class II. The percentage share of these sectors comes to class I =4.06 %, class II=2.63 %, class III= 67.1 % and class IV=26.21 %.In this regard it is may be mentioned that, as per the population of the state according to 2011 census 1 person out of every 22 persons in the state is a government employee. This is the reason why 65% of the states fund goes to the payment of the salaries. The number of members engaged in SHGs in the three districts; Peren, Kohima, and Dimapur could also be presented below to find out the men and female representation as well as the total number of people engaged in SHGs.

**Table No. 5: Number of people involved in SHGs from the three districts**

District	Women SHGs		Men SHGs		Total no .of members.
	Number of SHGs	No. of Members	No. of SHGs	No.of Members	
Peren	100	1064	3(mixed)	8	1072
Kohima	99	1185	10 (1 +9)	81	1266
Dimapur	92	1172	15 (8+7 )	154	1326
Total	291	3421	28	243	3664

Out of a population of 300 SHGs drawn from the three districts, taking 100 SHGs as samples from each district, it is found that there are 3,664 members in the SHGs. It is observed that the numbers of persons involved in the SHGs from the three districts are found to be moderately distributed with 1072, 1266, and 1326 from Peren, Kohima and Dimapur districts respectively. Study reveals that out of the 3,664 members, 3421 are women and 243 are men. The response of the SHGs with regard to the question on employment at present and the prospect for future is vividly laid down in the table below:

**Table No.6 Response from the SHGs on the question; whether continuous involvement in SHGs would solve the problem of unemployment**

	No. of SHGs with the answer 'Yes'	No. of SHGs with the answer 'Could be'	No. of SHGs with the answer 'Not sure'	No. of SHGs with the answer 'No'	SHGs with permanent Sustainable activities	SHGs without permanent sustainable activities	Total

Districts	69	20	10	1	42	58	100
Kohima	45	35	11	9	21	79	100
Peren	43	23	21	13	12	88	100
Total	157	78	42	23	75	225	300

It is observed that 157 SHGs (52, 33%) of the total number of the SHGs, expressed their hope, in SHGs solving unemployment problem for the members. 78 SHGs (26%) of the SHGs are of the opinion that, there could be possibilities of SHGs generating employment in the near future. The other 42 SHGs (14%) of the total, chose to be neutral by saying that they are 'not sure' of what the future would bring them by their involvement in SHGs. The last category of respondents' express total mistrust on the SHG by saying that, involvement in SHGs will not bring solution to unemployment problem.

The SHGs with permanent sustainable income generating source account for 75 which is just 25 % of the total SHGs. The remaining 75% of the SHGs which consist of 225 SHGs are still in the process of creating a reliable sustainable income earning source. All the SHGs no doubt derived some kind of benefits out of their involvement in the SHGs; however majority of the SHGs are still in the stage of experimentation with different activities. Their involvement in the SHGs is not on a permanent basis as compared to those SHGs which have already established a permanent source of income generation.

On the other hand the SHGs which have not set-up any kind of permanent sustainable activities confine to short term gains by engaging in different farming activities. Thus in this category, the nature of activities are mostly short in duration. At the same time, income earning capacity from these kinds of activities are unstable, in the sense that it depends upon several other factors like weather conditions, market force, and government policies etc. which are external to the groups.

## 7. SHGs AND BANK LINKAGE PROGRAMME IN NAGALAND

Many SHGs are already in existence spreading to all the villages, towns and semi - towns of the State. However, the soundness of these existing SHGs is a matter of concern. Most of the SHGs are formed during the period 2005-2014, and are still in the stage in of their infancy in their functioning's. The system of SHG- Bank Linkage programmes are therefore still in the process of experimentation. The state has a total of 24 major banking companies operating in different capacities with 146 branches in total. Sadly the number of banks providing financial assistance to the SHGs in the three districts is limited to few. The table below highlights the SHGs bank linkage programme in the study area.

**Table No. 7: Cross Tab Analysis - SHGs Bank- linkage programme in the three districts as per the case study**

Name of the Bank	Amount of Loan availed to SHGs, District wise.			Total Rs.
	Kohima (Rs.)	Peren (Rs.)	Dimapur (Rs.)	
State bank of India	9,15,000	10,90,000	27,35,000	47,40,000
Nagaland State Cooperative bank	1,33,900	nil	32,70,000	34,03,900
Nagaland Rural Bank		nil	600,000	600,000
Vijaya Bank	70,000	nil	50,000	1,20,000
UBI			3,50,000	350,000
Baroda	50,000			50,000
Total	11,68,900	10,90,000	70,05,000	92,63,900

The amount of loans availed to the SHGs by different banks during the period 2000-2014 amounts to Rs. 92, 63, 900. It is observed that from the 300 SHGs studied, 84 SHGs have availed loan from Bank. The district of Dimapur takes the lead in bank linkage programme with a total loan volume of Rs. 70, 05,000. The linkage programmes in the other two districts have to be still strengthened so as to enhance the SHGs activities in the state.

### SECTION: III

#### **Findings:**

The movement though fast spreading and convincingly helping in poverty alleviation, still stands in need of better guidelines, policies, and drastic sensitising mechanism for its further growth. As per the study the following findings were made:

1. Trainings and capacity building measures needs to be more intensive as most of the SHGs are found to be composed of by the uneducated sections of the society.
2. The support of the state government in promoting markets and assuring sales of the products are very poor.
3. Almost all the SHGs faced the problem of lack of finance.
4. Inadequate SHG- bank linkage programme in the state due to lack of proper policies and strategies are highly felt.
5. Applying for Bank loans has been a common difficulty as the members are unable to follow the required formalities.

#### **Suggestions:**

Based on observations made the following suggestions could be made for enhancing the SHGs performances:

1. Imparting trainings to the members of the SHGs by deputing experts in the villages is a pre-requisite for a successful SHG. The team of experts should consist of members who can speak fluently the local language for the benefit of the communication.
2. Proper markets to ensure sale of the goods produced by the SHGs in most suitable locations. The state should have provision to act as a grantor with regard to the sales of the goods.
3. More sales cum exhibition programmes at district levels, and state level should be conducted in order to encourage the SHGs to perform better. It should also suitable reward the best SHGs as a of promoting SHGs within the state.
4. Proper bank linkage programmes should be introduced with adequate policies to ensure credit facilities to the SHGs.

Thus, in conclusion it could be mentioned that, the success of SHGs in enhancing the economic growth of the state depends on various factors. The SHGs are in a position to develop the primary sectors of the economy to a very great extend with the support of the government, NGOs and people in authority. Therefore in any case, the cooperation and joined effort of the SHGs, the government at the centre and state, NGOs and the financial institutions required for promoting SHGs and improving the economy of the state. The concern of the financial institutions towards the SHGs would serve as the lubricant to let the SHGs function smoothly. Though less than a decade and half since the launching of the SHGs programme, the success of SHGs in poverty alleviation, solving unemployment problem, and other social problems are visible. This indicates that the SHGs are heading for a growth of the state economically, socially and even politically with close collaboration of various agents, government or non- governmental.

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