

Role of Self Help Groups (SHGs) in generating micro-industrial activities in the rural areas of Kamrup district

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Abstract

Micro industrial activities in their traditional form persisted since historic times in Assam aiming at fulfilment of family requirements and to meet local consumer demands. But, the emergence of such industrial activities with a commercial thrust, large scale production and trading activities is of very recent origin. Lack of scope for occupational diversification, over-employment in the agricultural sector and ever growing unemployment act as motivational agents for the workforce in the rural areas to initiate micro-industrial activities on a commercial basis. By 2010, a large number of SHGs have grown-up covering mostly the unorganised workforce including the housewives to initiate productive activities in the form of organised groups. Even if, a section of SHGs is involved, exclusively in monetary business, quite a good number of such organisations opted for micro industrial activities. The SHGs which are involved in micro industrial activities not only motivated the rural workforce to start industrial activities, but also as a driving force behind the growth of rural economy as a whole. Presently, the SHGs of rural Kamrup are found to be involved in three types of micro industrial activities- food processing, handloom fabrication and bamboo and cane craft. The present work investigates into the role of the SHGs of rural areas in generating employment and income through industrial activities. It is observed that over last four decades, the SHGs succeed in elevating rural economy of Kamrup district to a significant extent through generating employment and income and creating group industrial activities in community industrial centres.

Key words: SHG, Rural economy, Food processing, micro-industrial enterprise, Rural workforce.

Introduction

Economic empowerment of the rural workforce to boost national economy has remained as one of the focus area of our national economic planning since independence. Various action plans have been undertaken by the government to create employment opportunities and income generation in rural areas in different fifth year plans, but involvement of unorganised rural workers in productive activities under the banner of SHGs appears to be one of the viable areas that can drive economic empowerment of the rural areas to a significant extent. The creation of SHGs as tools of socio-economic transformation of rural India is adopted in the Indian socio economic situation after a number of experiments carried out in many countries of the world including the experimental success of the novel Iqbal Khan's programme in Bangladesh in 1970s. The formation of SHGs as micro financial and micro cooperative societies is a modified form of Iqbal Khan's rural development scheme. Even if, the SHGs in Assam started growing since 1980s, their socio economic performance has become apparent after the year

2000. The activities of the SHGs are self-financed and a part of its working fund is provided by the government as one time financial grant. The SHGs also receive government aid in kind such as operational tools and appliances. Over last four decades since 1980, a number of SHGs in rural areas started micro industrial activities and could be able to secure a visible proportion of market share for their products providing them an arm to empower economically weaker population of the rural areas. It is in this context, the present work intends to examine the role of SHGs as an employment and income generous among the rural workforce as micro-industrial entrepreneurs.

Review of Literature

In investigating into the problem presented in the central theme, a few relevant literatures in the line are consulted. Such literatures include the work of Dinesha, P.T. and Jaysheela, H.¹ which provides an elaborate discussion on the trend of growth and challenges confronted by the micro, small and medium enterprises in India. This work helps in understanding the parameters, problems and prospects of the micro industrial enterprises which spread mostly over rural India. Another work authored by Chinara, M. And Rauth, A.S.² provides a clear introspection into the factors contributing to the growth of micro industrial sector and infrastructural and market problems associated with such industries. The work also points out the support areas where the micro-industrial sector needs attention of the policy maker. The work of Saikia, P. and Hazarika, B.³ presents a clear picture on the problems behind the growth and operation of micro and small enterprises in Kamrup district of Assam that helps in understanding the specific character of the micro industrial units of the study area and in generating perceptions towards searching remedial measures to make such industries operationally more vibrant. All these works helped in finding out the direction of the study in the present work.

Importance of the study

The Indian economic base can't be strengthened without generating higher production oriented and income generating activities in its rural economy. As around 80% of the Indian population lives in rural areas, their contribution to the national economy bears paramount importance on the economic growth of the nation as a whole. But, to generate industrial, commercial and trading activities in rural societies is a difficult task as the workforce of rural India is pre-dominantly agrarian having limited industrial skill. Whatever industrial skill they have inherited are associated with household and cottage group of industrial activities. To pull out a sizeable proportion of the workforce from the already over employed agricultural sector, it is necessary to create a micro-industrial sector with a transformed and modernised version of household and cottage groups of industry. With this perception, in all the fifth year plan strategies special emphasis has been laid on the growth of micro-industrial sector and various policy incentives and supports are provided by the government for the growth of this industrial sector. But, such strategies appear to bring visible result mainly after the creation the SHGs in large numbers in the rural areas of the country including Assam. The SHGs, as group activity organisation acquiring operational strength from small financial contributions of the economically weaker, un-organised

workforce including the housewives and with government financial assistance started entering into the micro-industrial sector providing a new shape to the occupational structure of the rural areas by generating employment to the unemployed and the poor. The economic changes imparted by the SHGs in the rural economy by pulling up a significant number of workers into the micro-industrial activities warrant their study and evaluation as socio-economic change performers.

Statement of the problem

Kamrup district is located in the lower part of the Brahmaputra valley of Assam. Geographically the district is located within $25^{\circ} 40' N$ to $25^{\circ} 50' N$ latitude and from $91^{\circ} 0' E$ to $91^{\circ} 54' E$ longitude. The district has a total area of 4060 km^2 and a population of 27,71,480 persons (2011) of which 57.2% is rural population. In 2018, there are 876 SHGs which are associated with rural micro-industrial activities. The rural micro-industrial enterprises established by these SHGs undertake three broad types of production activities:

- 1) Food processing,
- 2) Handloom fabrication, and
- 3) Bamboo and cane craft.

The 876 micro-industrial enterprises owned by the SHGs provide employment to a total of 14,016 persons who were earlier agricultural workers, manual labourers or housewives. Even if, the employment generated is too small as compared to the entire rural workforce, the SHGs appear to lead the way of industrialisation in rural environment. It is in this context, the present work desires to evaluate the role of SHGs as facilitators of micro-industrial growth in rural areas of Kamrup district in terms of employment and income generation.

Objectives of the study

The objectives of the present study are:

- 1) To examine the employment generation pattern of the SHG-owned micro-industrial enterprises along with economic sectors wherefrom the workers are pulled off, and
- 2) To evaluate change in the income pattern of the workers from their pre-employment status in the SHG operated micro-industrial enterprises.

Hypothesis of the study

On the basis of the objectives as stated above the under mentioned research questions are formulated for verification:

- 1) Do the SHGs serve as employment generators for the rural working population through their micro industrial enterprises?
- 2) Do the SHGs succeed in generating higher income to the unorganised rural workforce? and

- 3) Are the SHGs capable to transform rural economy by their involvement in the micro-industrial sector?

Research methodology

The investigation, analysis and observation pertaining to the work are based on sample studies. Primary data and information are collected from the field with the help of a questionnaire accommodating the required information and data heads from 210 sample SHGs having micro-industrial enterprises. The samples size from a universe of 1212 units is determined by using W.G.Cochran Formula which is,

$$N_o = \frac{Z^2 pq}{e^2}$$

The workers of all the 210 sample industrial units are taken into consideration in analysis and in deriving observation and conclusion.

Scope and Limitations of the Study

The study intense to evaluate improvement of economic status of the workers engaged in the SHG sponsored micro industrial units before and after joining the industry. The present work is extremely limited only to two major variables of economic growth i.e., income and employment generated by the micro-industrial sector sponsored by the SHGs leaving aside a large number of attributes that influence the growth trend of this industrial sector in the study area.

Result and discussion

As stated above, the micro-industrial activities carried out by the 876 SHGs of rural Kamrup are identified in three groups: 1) Food processing, 2) Handloom fabrication, and Bamboo and cane craft. The products of the food processing enterprises include fruit juice, fruit and spice paste, local snacks, pickles, grinded spice and packaged grain and cereals powder, etc.; while handloom fabrication includes cocoon production, fabrication of endi, muga, natural silk and cotton fabrics of various designs and uses and bamboo and cane craft enterprises produce furniture, decorative items and containers. The table below represents a number of workers employed in these three categories of micro-industrial enterprises owned by the SHGs along with their previous occupational areas:

Table 1

Number of workers employed in different categories of micro-industrial enterprises owned by SHGs along with their previous occupational areas in Kamrup district, 2019

Category of micro-industrial enterprises	Number of Units	Number of workers in previous occupational areas				Total
		Agricultural workers	Manual workers	Housewives	Unemployed youths	
Food processing	104	92	142	286	69	589
Handloom fabrication	87	102	164	204	96	566
Bamboo and cane craft	19	36	48	11	10	105
Total	210	230	354	501	175	1260

Data Source: Field Survey

As revealed by Table 1, highest proportion of micro-industrial enterprises owned by the rural SHGs are food processing industries (46.7%) followed by handloom fabrication (44.9%) and bamboo and cane craft (8.4%). It is to be noted that the micro food processing industries generated highest proportion of employment (39.8%) to the housewives who were earlier engaged in non-income generating employment. The next employment generating category is manual workers (28%) followed by agricultural workers (18.3%). This category of industry also provided employment to 13.9% of earlier unemployed persons. Thus, the highest employment generating category among the above three categories of micro-industrial enterprises are the food processing enterprises. The Table 2 represents pre and post employment income status of the workers in all the above three categories of rural micro-industrial enterprises owned by SHGs in Kamrup district, 2019

Table 2

Pre and post employment income status of the workers in different categories of rural micro-industrial enterprises owned by the SHGs in Kamrup district, 2019

Category of micro-industrial enterprises	Period	Annual income range (in Rs '000)					Total
		<20	20-40	40-60	60-80	>80	
Food processing	Pre-employment	312	102	78	54	43	589
	Post-employment	106	77	101	58	47	589
Handloom fabrication	Pre-employment	289	116	104	46	11	566
	Post-employment	112	229	145	64	16	566
Bamboo and cane craft	Pre-employment	52	25	16	8	4	105
	Post-	14	46	28	11	6	105

	employment						
Total	Pre-employment	653	243	198	108	58	1260
	Post-employment	232	552	274	133	69	1260

Data Source: Field Survey

As per Table 2, there are significant positive changes in the income status of the workers employed by the rural micro-industrial enterprises, the highest beneficiaries being the annual income category < Rs 20,000 whose income from their pre-employment stages increased by 33.4%. Similarly, there is an increase of income of the previous income categories Rs 20,000-40,000 by 24.5%, in the income category Rs 40,000-60,000 by 6.0%, in Rs 60,000-80,000 by 2.0% and > Rs 80,000 by 0.9%. A detailed analysis of the table reveals that the micro-industrial enterprises bring in significant socio-economic changes in the economic landscape of the rural localities of Kamrup district.

Findings

From the observations and analysis, the under mentioned findings are derived from the study:

- 1) The growth of micro-industrial enterprises generates entrepreneurial mind-set to the rural workforce by generating scope for employment and higher income along with creation of indirect employment through support services like transportation, distribution and marketing of products,
- 2) The SHG owned micro-industrial enterprises encourage the rural workforce to participate in group and cooperative economic activities providing scope for acquisition of skill and community spirit to upgrade their economic status,
- 3) Through significant contribution to the rural economy the SHGs established themselves as a facilitator in bringing vibrancy in rural economy through industrial activities utilising local resources and skill,
- 4) The SHGs are found to be successful in providing high income generating occupation to the unorganised workforce including housewives and unemployed youths through their entry into the micro-industrial sector, and
- 5) Awarding further logistic and parametric support through industrial policy of the government, this sector of micro-industrial enterprises is likely to become highly effective tool for transforming the rural economy making it capable to contribute effectively to the national and state GDPs.

On the basis of the findings and observations, the following suggestions are underlined:

- 1) A strong motivation is generated by the SHGs among the workers towards opting for industrial activities that can provide higher income and employment opportunities. Such motivated mind-set needs to be directed towards a speedy growth of industrial activity through well planned financial, operational and skill oriented support strategies of the government,

- 2) The trend of group-based community work-culture generated by the SHGs needs to be maintained to boost the rural economy even in the allied agricultural activities.

Conclusion

SHGs play an important and vital role in germination of entrepreneurial spirit and community work culture among the economically under privileged working population of rural Kamrup district. It has helped towards developing the micro-industrial ventures in the rural areas of Kamrup district. The SHGs serves as demonstrators in convincing the rural workforce that micro industrial activities can be one of the viable options that can bring economic fortunes for them. The only requirement is to direct such an economic growth impetus into a workable modality by providing adequate support for growth by the government agencies.

The topic as presented in the central theme, maintains a wide range of scope for future research such as, growth of support line services, operational character, problematic and prospective areas, policy requirement for acceleration of growth, etc. of the rural micro-industrial enterprises.

References

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