

Activities and Functions of SHGs:

How do SHGs function?

Simple rules are required for SHGs to function. The following are some important rules :

- Common agreement on when to meet
- Decision on time and place of meetings
- Agreed penalties for non-attendance
- Agreement on amount of saving
- Giving small loans to each other
- Taking loan from banks, repayment habits

Training of the members is an important need for proper functioning of SHGs. These areas for training could do well to the members :

- Basic mathematics
- Writing of books
- Scheduling of meetings
- Social aspects like women empowerment
- Basics of lending money, borrowing, repaying

Most effective method of training of SHG members is to take them to a good working SHG and allowing free interaction with its members.

Let us now look at an SHG little closely, and understand its characteristics and functions.



Functions of SHGs :

➤ Savings and Thrift :

- ◆ The amount may be small, but savings have to be a regular and continuous habit with all the members.
- ◆ ‘Savings first – Credit later’ should be the motto of every group member.
- ◆ Group members learn how to handle large amounts of cash through savings. This is useful when they use bank loans.

➤ Internal lending :

- ◆ The savings to be used as loans for members.
- ◆ The purpose, amount, rate of interest, etc., to be decided by the group itself.
- ◆ Proper accounts to be kept by the SHG.
- ◆ Opening savings bank account with bank.
- ◆ Enabling SHG members to obtain loans from banks, and repaying the same.

➤ Discussing problems :

- ◆ Every meeting, the group will discuss and try to find solutions to the problems faced by the members of the group.

➤ **Bank Loans:**

SHGs must work on getting a collective guarantee system so that they can avail loans from official sources.

