

**IMPACT OF SELF-HELP GROUPS IN SOCIO-ECONOMIC DEVELOPMENT OF INDIA**

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**Abstract**

*The self-help group's method is very popular for the Government, NGOs and all over the India. The poor collect their savings and reserve it in banks. Reciprocally they receive quick access to loans with a little rate of interest to start out their micro unit enterprise. The 9th five year plan of the Government of India had given due recognition on the importance and therefore the relevance of the Self-help group method to implement developmental schemes at the grassroots level. Self Help Group (SHGs)-Bank Linkage Programme is emerging as a price effective mechanism for providing financial services to the "Unreached Poor" which has been successful not only in meeting financial needs of the agricultural poor women but also strengthen collective self-help capacities of the poor ,leading to their empowerment. The most aim of this paper is to look at the impact of Self-help Group in Socio-economic development of India.*

**Key words:** SHGs, Women Empowerment, Micro Finance. Socio Economic Development

**Introduction**

India's Self-Help Group (SHG) movement has emerged as the world's largest and most successful network of women owned community-based microfinance institution. The Self Help Group movement is a revolutionary initiative which connects group members, many of whom had never had a bank account before, to formal financial services in a sustainable and scalable manner. The roots of the model are indigenous. Share generally economically homogeneous groups formed through a process of self-selection based upon the affinity of its members. SHGs have well-defined rules and bye-laws, hold regular meetings and maintain records and savings and credit discipline. Thus SHGs are self-managed institutions characterized by participatory and collective decision making. Self-help group may be a method of organising the poor people and therefore the marginalized to return together to unravel their individual problem.

The programme of linking Self Help Groups (SHGs) to banks was started on a pilot basis by the National Bank for Agriculture and Rural Development (NABARD) in the year 1991-92 and since then NABARD has been propagating, promoting and financing SHG-Bank Linkage Programme (SHG-BLP).

**The Movement and Progress of Self-Help Groups in India**

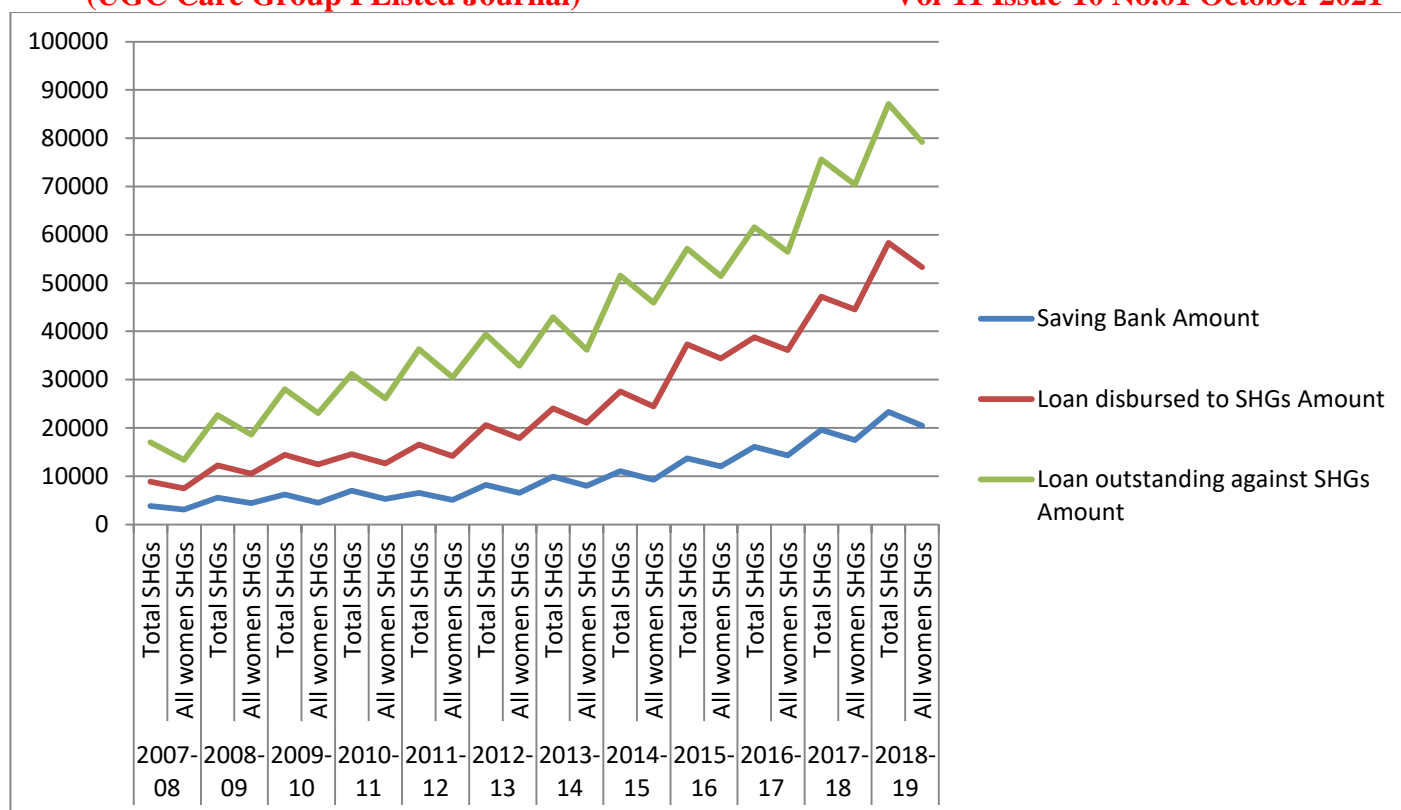
Till the late nineties, financial inclusion was indefinable that the common man was out of focus of formal banking system despite nationalization of banks (in 1969 and in 1980) and other policy initiatives like priority sector lending, lead bank scheme, etc. The large range of payment and loan facilities of Indian banks could not be able to fulfil the financial needs of the rural poor in India. In this situation, NABARD lead to various studies to bring a practical financial model for the Indian rural area for their financial credit requirements. It was discovered in the studies that the rural poor person needs a better access to sufficient, timely and suitable financial support and services rather than low-priced credit. Self Help Groups were considered as community owned, self-managed informal doorstep savings & credit delivery mechanism by a group of 10-20 members having similar socio-economic background and coming from a small contiguous area, who work on the principle of self-help, unity and common interest. Therefore, the Self Help Groups (SHGs) were promoted by NABARD grounded on its effective experiment with Mysore Resettlement and Development Agency (MYRADA) in 1987. The learning from the Action Research led NABARD to launch a pilot in 1992 with a pilot base of just 500 SHGs with policy backing from the Reserve Bank of India recommending banks to open savings accounts in the name of Groups.

SHG-Bank Linkage Programme has become more popular in India than elsewhere in the world primarily due to its extensive adoption by Scheduled Commercial Banks, Regional Rural Banks and Cooperative Banks. NABARD has continued to support more than 5000 partner agencies such as NGOs, RRBs. District Central Cooperative Banks and other SHPI partners for promoting and nurturing SHGs.

**Overall Progress under SHGs Bank Linkage Programme since 2007-08**

**(Number in Lakh / Amount in Crore)**

Year	Particulars	Savings with Banks		Loan disbursed to SHGs		Loan outstanding against SHGs	
		No. of SHGs	Amount	No. of SHGs	Amount	No. of SHGs	Amount
<b>2007-08</b>	Total SHGs	50.10	3785.39	12.28	8849.26	36.26	16999.91
	All women SHGs	39.86	3108.65	10.41	7474.26	29.17	13335.61
<b>2008-09</b>	Total SHGs	61.21	5545.62	16.10	12253.51	42.24	22679.84
	All women SHGs	48.64	4434.03	13.74	10527.38	32.77	18583.54
<b>2009-10</b>	Total SHGs	69.53	6198.71	15.87	14453.3	48.51	28038.28
	All women SHGs	53.10	4498.66	12.45	12429.37	38.98	23030.36
<b>2010-11</b>	Total SHGs	74.62	7016.30	11.96	14547.73	47.87	31221.41
	All women SHGs	60.98	5298.65	10.27	12622.33	39.84	26123.75
<b>2011-12</b>	Total SHGs	79.60	6551.41	11.48	16534.77	43.54	36340.00
	All women SHGs	62.99	5104.33	9.23	14132.02	36.49	30465.28
<b>2012-13</b>	Total SHGs	73.18	8217.25	12.20	20585.36	44.51	39375.30
	All women SHGs	59.38	6514.86	10.37	17854.31	37.57	32840.04
<b>2013-14</b>	Total SHGs	74.30	9897.42	13.66	24017.97	41.97	42927.52
	All women SHGs	62.52	8012.89	11.52	21037.97	34.06	36151.58
<b>2014-15</b>	Total SHGs	76.97	11059.84	10.06	27582.31	44.68	51545.46
	All women SHGs	66.51	9264.33	14.48	24419.75	38.58	45901.95
<b>2015-16</b>	Total SHGs	79.03	13691.39	18.32	37286.90	46.73	57119.23
	All women SHGs	67.63	12035.78	16.29	34411.42	40.36	51428.91
<b>2016-17</b>	Total SHGs	87.77	16114.23	18.98	38781.16	48.48	61581.30
	All women SHGs	73.22	14283.42	17.16	36103.13	42.84	56444.24
<b>2017-18</b>	Total SHGs	87.44	19592.12	22.61	47185.88	50.20	75598.45
	All women SHGs	73.90	17497.86	20.75	44558.74	45.49	70401.73
<b>2018-19</b>	Total SHGs	100.14	23324.48	26.98	58317.63	50.77	87098.15
	All women SHGs	85.31	20473.55	23.65	53254.04	44.61	79231.98



In the above table and diagram we can see that in 2007-08, the total no. of SHGs were 50.10 lakhs out of which the number of women SHGs was 39.86 lakhs. Which savings, loan disbursed amount and loan outstanding was respectively 3785.39, 8849.26 and 16999.91 crore. Since 2007-08 the progress of self-help groups all over the India was very effective and wide. In the year 2018-2019 we can notice a vital growth in total numbers of SHGs (100.14 lakhs) and their saving amount, loan disbursed amount and loan outstanding i.e. respectively 23324.48, 58317.63 and 87098.15 crores. Thus we can see that SHG-Bank Linkage Programme has become wider and developed during 2007 to 2019 in India. The Self Help Group movement is a revolutionary initiative which connects group members and empowers them positively.

**The status of self-help group's savings, credits and loans outstanding till 31<sup>st</sup> March 2019 has been given below:**

S.No.	Particular	Total	
		Physical (In Lakhs)	Financial (In Crore)
<b>1.</b>	<b>Total number of SHGs saving linked with banks as on 31 March 2019</b>	<b>100.14</b>	<b>23,324.48</b>
I.	Out of total SHGs - exclusive Women SHGs	85.31	20,473.55
II.	Out of total SHGs- under NRLM/SGSY	55.80	12,867.18
III.	Out of total SHGs -under NULM/SJSRY	4.39	1,614.42
<b>2.</b>	<b>Total number of SHGs credit linked during the year 2018-19</b>	<b>26.98</b>	<b>58,317.63</b>
I.	Out of total SHGs - exclusive Women SHGs	23.65	53,254.04
II.	Out of total SHGs – under NRLM/SGSY	16.49	33,398.93
III.	Out of total SHGs – under NULM/SJSRY	1.29	3,419.57
<b>3.</b>	<b>Total number of SHGs having loans outstanding as on 31 March 2019</b>	<b>50.77</b>	<b>87,098.15</b>
I.	Out of total SHGs - exclusive Women SHGs	44.61	79,231.98
II.	Out of total SHGs - under NRLM/SGSY	32.85	54,320.91
III.	Out of total SHGs - under NULM/SJSRY	2.25	4,110.73

### **The need of Self Help Groups in India**

- ❖ The progress of Self Help Groups is very essential to alleviate poverty in India.
- ❖ With the growth of SHGs, we can extend employment opportunities in rural and urban areas.
- ❖ The progress of SHGs is very helpful to accelerate the economic process of India
- ❖ The prime reason for people, joining the SHGs is that to boost their status or standard in the society.
- ❖ With the help of SHGs people can involve in income generating activities.

### **Impact of Self-Help Group in India**

After joining the self-help group the ladies are economically and socially empowered. This Empowerment can't be transformed or delivered it must be self-generated such it enables those that are empowered to require control over their lives.

#### **➤ Decision-making of the household**

The social impact of the SHG program increased involvement in Decision-making, awareness about various programs and organisations, increased access to such organisations, increased expenditure on Health and Marriage events, there is a Change within the attitude of male members of the families, now they're convinced about the concept of SHG and encourage women to participate within the meetings and ladies reported that they need savings in their name and it gives them confidence and increased self-respect. Within family the respect and status of girls has increased. Children Education has improved significantly. Especially girl education was very low but now SHG members are sending their children including girls to high school. The Sanitation in members' households has improved and it's led to raise health in members' families. Now women are taking treatment from qualified doctors, albeit they need to visit nearby towns. Members are now confident enough to boost social station.

#### **➤ Participation in Local Political Activities**

Because of SHG, women realize their local political institutions like the Gram Panchayats and have better knowledge of where to report certain sorts of grievances. As a part of the political empowerment process, it's a pertinent incontrovertible fact that many ladies haven't only been elected to the Gram Panchayats but have become the role holders too.

In a majority of the cases, the ladies perceived themselves as now having some influence over decisions within the political lifetime of village, and during a smaller number of cases, the ladies named their participation and influence in village political life as a crucial and note-worthy change. However, generally, the opportunities available to the ladies to participate in village life were limited, as most of the village processes were still being male-dominated and patriarchal. Though the SHGs generate positive impact on the agricultural economy through empowering women and enhancing the agricultural income of these participant households, the difficulty of group size has been of long standing concern

#### **➤ Saving and financial decision**

One of the first benefits of participation during a SHG is that the opportunity to save lots of regularly, access formal savings institutions and participate within the management of those savings. They save regularly, have their own bank accounts and make deposits into these accounts. SHG has an honest impact on members, in their ability to save lots of their hard-earned money.

#### **➤ Access to credit**

A result of involvement in SHGs is an improvement during a woman's access to credit. Since the project is probably too early in its implementation to directly improve women's access to credit. The financial mobility thanks to participation within the SHG has led to an improvement within the quality of life, consistent with a number of the successful groups. Overall, many families were ready to address their basic needs better than before. Some of NGOs reports have shown that the record on the repayment of loans by women was often better than that of men, which women were also more likely to spend the income earned, on their families, resulting in improved health and nutrition of the poor population and for improving the standard of their lives.

#### **➤ Employment:**

The operation of SHG has produced Self-employment opportunities for the agricultural poor. The progress of the program since beginning assisted in development of 35.7 lakh SHGs; assisted 1.24 Crore Swarozgaris in establishing their own micro-enterprises. Communication Level of Members Microfinance movement has an honest impact on members, in their ability to accurate their feelings and has made people more confident to precise themselves.

➤ **Self-worth among Members**

The group formation brought out the hidden talent and leadership qualities among the members. Therefore, it are often concluded that after joining the SHG the members have improved their status in family, become helpful in family finance and sometimes helped others too. Now, most of the SHG people feel that they get more respect; not only within the village, but our own family members treated us more respectfully. People of the village now invite us for social and community functions. Now our relations value our opinions whereas earlier that they had no use for it. They encourage us and support us in our activities". "Now they get respected within the village society and have a particular identity in society. Relations consider them as a working woman and encourage them in their work". Improve their knowledge of banking, of the way to undertake the various banking transactions, as also of handling government officials. They now feel confident about this stuff. They too feel an improvement in their social status. Relations changed their attitudes towards them after they started participating within the SHG. They now regard them brave women. The people of the village too give far more respect than before". Family members seek her opinion in many of the family decisions. Moreover, people from the society generally respect them.

➤ **Change in Family Violence**

Involvement with SHG has reduced this violence in 25 per cent cases especially thanks to reduction in economic difficulties. In most of cases the members revealed that their husbands should even be involved in SHGs.

Frequency of Interaction with Outsiders Members generally, got lesser opportunity to interact with bankers, officialdom, NGOs and others within the Pre-SHG period. It are often seen that within the Pre SHG period 25 per cent of the members weren't interacting with officials whereas after associating with SHGs, 91 per cent members had interacted with the outsiders and out of total 44 per cent have interacted quite 4 times with outsiders. This interaction helped them to articulate their problems and improved their self-confidence.

➤ **Status of Access to Amenities**

Since SHG programme has economic also social implications. It are often seen that there has been an increase of 40 per cent in SHG members in terms of their status of access to amenities factors. Therefore, it can be concluded that after joining the SHG the members have improved in getting access to amenities like medical, sanitation, education, market, water system, transport.

➤ **Community Participation**

SHG members undertook tons of community activities which they earlier couldn't have imagined themselves to possess done. They distributed school uniforms to poor students; they undertook a plantation drive, distributed pen and notebook sets to poor students and donated some money to a charity during a national calamity. They participated in several social initiatives just like the "Clean Village Drive" and other such social uplift men programmes since their involvement within the SHG. They organized a little function on India's Republic day. Perspective of the caseworker Women who have participated during this have benefited economically. They now ready to buy household goods like televisions, furniture, telephones, jewellery and most importantly are ready to but the longer term. "Now they're far more confident in their dealings with government officials, bank officials, electricity board officials, Medical officers, the revenue officer, health scheme officials etc. They also participate in elections. Moreover, they create use of the varied government welfare schemes available".

➤ **Increased Nutritional status**

They find positive impacts on empowerment and nutritional intake. Female social and economic empowerment in program areas increased regardless of participation status. Evidence of upper consumption is not income or asset formation. The program's main economic impact had been



through consumption smoothing and diversification of income sources instead of exploitation of latest income sources.

➤ **SHGs and Environmental Management**

Research and policy has attended specialise in the connection between poverty and environmental degradation in terms of remarking that the poor are both victims and agents of environmental degradation. They are victims therein they're more likely to measure in ecologically vulnerable areas, agents therein they'll have no option but deplete environmental resources thus contributing to environmental degradation.

**Shortcomings' of the Self-Help Groups in India:**

Though it had been considered as an exquisite program by many stakeholders, the program failed on many counts is provided as follows:

**1. Ignorance of SHGs group members:**

Even though the various steps has been taken by the Government of India for creating awareness about the various schemes which are beneficial to them still majority of group members of SHGs especially Women SHGs are unaware of these schemes.

**2. Inadequate Training Facilities:**

The training facilities given to SHGs members are insufficient. They have very little about the quality of product, product selection, production techniques, managerial ability and knowledge of packing etc...

**3. Problems associated with raw material:**

The members of SHGs are facing many problems related to raw materials. They purchase very small quantity of raw material because of this problem they will not be able to achieve the various benefits related to large scale purchase like discount, wholesale rates, preservation of raw material and credit facilities etc..

**4. Problems related to Marketing:**

Self Help Groups are facing many problems related to marketing also. Some of them are given below:

- Lack of sufficient orders
- Lack of business relation with the marketing agencies
- Lack of sales promotions methods and strategies
- Lack of proper and popular brand name
- Lack of permanent markets for the products, prepared by SHGs
- Lack of attractive packing
- Lack of good quality of the product because of poor technology
- Stiff competition with other major supplier in the market

**5. Lack of Stability and Unity Especially among Women SHGs:**

In women SHGs it is found that there is no stability of the units because many married women are not in a position to associate with the group as they are shifted to other places after their marriage. There is also lack of unity in the women SHGs because many personal reasons are behind it.

**6. Lack of Stable and Strong Financial Management:**

In some units of SHGs the financial management is very weak and poor. The funds are not invested properly in the business and are used in other personal reasons like marriage, construction of house, treatment of any family member etc...

**7. Low Return of the Revenue:**

In some self-help groups, the return on their investment is not sufficient and attractive because of some reasons as high cost of the production, low quality of the product, inefficient management and poor level of technology etc..

**8. Inadequate Financial support:**

Sometimes the financial assistant from the financial institution to self-help groups is not adequate. The actual requirement cannot be completed with this assistant. It is also a very problem faced by small groups in India.

### **9. Non co-operative nature of Financial Institutions:**

In India financial institutions do not consider the small groups or SHGs so important and do not treat them seriously while provide the financial assistant. It is also a very problem faced by small groups in India.

### **Suggestions to minimise the problems faced by SHGs:**

- The Government may promote quality SHGs through village/ cluster level; sub-district/ block level and district level federations.
- Proper training programmes should be conducted everywhere especially in rural areas for promoting the small groups.
- Information about the raw material availability at low cost, new markets and new technology should be given to these groups.
- The state level organizations should extend the various activities in order to solve the various problems of SHGs.
- Non- Government Organizations (NGOs) can play a vital role in empowering women self-help groups related to their problems of education, motivation, training and financial help.
- Government should extend bank linkage programmes for financial help of these small groups.

### **Conclusion**

Microfinance is playing a significant role in alleviate poverty and rural development. Since women are the sole family caretaker, proper emphasis should be given to the rural women and for empowering the rural women finance is required. Microfinance to the rural SHGs is a way to raise the income level and improve the living standards of the rural women. The Self Help Groups have proved the way for economic independence of rural women. Thus, it can be concluded that the self-help groups contribute substantially in pushing the conditions of the female population up and through that chip in poverty eradication as well.

Self-help Groups have been playing considerable role in training of Swarozgaris, infrastructure development, marketing and technology support, communication level of members, self confidence among sample members, change in family violence, frequency of interaction with outsiders, change in the saving pattern of SHG members, change in the cumulative saving pattern of SHGs members per month, involvement in politics, achieving social harmony, achieving social justice, involvement in community action, sustainable quality and accountability, equity within SHGs, defaults and recoveries, and sustainability - financial value.

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