



ROLE OF SELF HELP GROUPS IN DEVELOPMENT OF RURAL AREAS IN INDIA

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Abstract: - Rural development is a very dynamic process that aims to enhance the socioeconomic, political, environmental, and general well-being of the underprivileged residents of rural areas. In India, where more than 70% of the population resides in rural areas, the idea of rural development assumes considerable relevance. Self Help Groups are community volunteer organizations that come together to address issues like poverty, illiteracy, violence, etc. Women coming together for a common cause are a big reason why self-help groups are so well known. These organizations are particularly active in rural communities and actively support rural development. Both registered and unregistered, the government provides financial assistance to these organizations and supports their growth so they can build various industries that would help rural areas thrive.

The Present study primarily focuses on the role of Self Help Groups in development of rural areas in India. The paper also aims at identifying the challenges faced by Self Help Groups.

Keyword: Self Help Groups, Rural Development, Rural people, finance,

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INTRODUCTION:-

Every individual within an economy makes a contribution to the growth of that economy, much as it is said that "Every drop makes an ocean." A country or state cannot expand or flourish without a growing rural population. Likewise, a state cannot thrive without a growing rural economy. Rural development used to refer to the construction of roads, ponds, schools, and other infrastructure, but it has now expanded to include much more. No society can advance without the advancement of women. Our society is split into two communities, one comprised of males and the other of women. Any aspect of society's overall development depends on the advancement of both men and women. Without the advancement of women and the support of

the women's community, no society can expect to advance. There are various variables that contribute to rural development, including new economic prospects, educational attainment, living standards, government initiatives, metropolitan influence, access to healthcare, etc. Self-Help Groups (SHGs) are an example of a rural development engine. A self-help group is a small, voluntary group of underprivileged individuals, ideally from a similar socioeconomic background. The Self Help Group (SHGs) encourages its members to make modest savings. SHG are typically constructed in rural India. They consist of 15 to 20 people from a certain area who are in comparable socioeconomic circumstances. The norms of mutual trust, cooperation, condition, and enshrined dependence are worked on by the groupings. All participants gather for a conference, discuss various issues affecting both individuals and society as a whole, and make decisions in accordance with their level of socioeconomic and social empowerment. Self-help group meetings are organized by a facilitator (a credit officer at a microfinance institution) and occur on a regular basis. They primarily adhere to strict monetary order in terms of collection, representation, and credit exchanges. This includes strong commitment to intergroup communication and responsibility for the prosperity of the entire group.

Meaning and Concept of Self Help Groups (SHGs):

Self Help Groups are informal, peer-run, self-governing groups of persons from similar socioeconomic backgrounds who want to work together to accomplish shared goals. Here, impoverished individuals voluntarily band together to save whatever money they can out of their earnings, to agree to mutually contribute to a common fund, and to lend to other members for the purpose of addressing their immediate and productive needs.

Small weekly or monthly savings from those who weren't anticipated to have any savings have been mobilized by SHGs. They have been successful in properly recycling the resources created among the group's members to meet members' urgent credit needs. SHG is a group that was founded by local women and has a set number of members, such as 15 or 20. For emergencies, natural disasters, social reasons, economic support for one another, and the ease of communication, social engagement, and economic connection, the poorest women would gather in such a group.

A SHG is an unofficial group that works to improve its member's financial stability as its main goal, as well as their shared interests in community development, awareness, leadership, and motivation. They also participate in other social intermediation activities and promote their local communities.

REVIEW OF LITERATURE:-

Anjugam and Alagumani (2001) noted in their article titled "**The Impact of Micro Finance on the Socio-Economic Status of Women in Madurai District**" that members of self-help groups find it simple to pay off mortgages, cover medical expenses, and purchase the stocks they need to make a living.

M.A Lokhande (2008) carried out a study in his paper titled "**Socio-Economic Impact of Microfinance through Self Help Groups in Maharashtra Region**" and mentioned how microfinance for small businesses has become into a crucial tool for eradicating poverty. The rural sector will be strengthened by encouraging more and more microfinance institutions.

Nagesha B Nayaka (2018) in his article "**Role of Self Help group in Rural Development- A Study**", mentioned that SHGs have improved peoples' socioeconomic conditions and reduced poverty, small businesses play a crucial role in rural development.

Shikha Kapoor (2019) in their study illustrates how social assembly and economic development are having an impact on the public by providing the scenarios and demonstrating their viability. It aims to investigate how SHG, a component of social advancement, might be used to empower women and young girls through the reduction of commercial ventures. By involving women in financial and productive household responsibilities, it also reveals the social and economic repercussions of SHGs and their role in the reformation of women. In order to strengthen and get ready for funding these SHG, new open agreements may be made.

E, Thipperudrappa & K.B, Dr. Dhananjaya (2018) states that Self-help organizations play a big role in India's growth both economically and socially. Supportable growth is a distant goal of rural and semi-urban areas, and these areas begin economic activity in the public's development through individual awareness.

OBJECTIVES:-

1. To understand the concept and role of SHGs in development of rural areas of India.
2. To identify the challenges faced by SHGs in India.
3. To provide suitable recommendations for overcoming the challenges faced by SHGs in India.

RESEARCH METHODOLOGY:-

The present study is based on Secondary data. These data were used to draw the findings and recommendations presented in this paper. Additionally, in order to advance knowledge, a variety of people's perspectives and ideas have been investigated.

ROLE OF SELF HELP GROUPS (SHGs) IN DEVELOPMENT OF RURAL AREAS OF INDIA:-

SHGs are important for the advancement of rural India. These organisations are made up of people who voluntarily join forces to address shared socioeconomic issues and jointly strive towards their empowerment and development. Due to their success in advancing financial inclusion, women's empowerment, and community development, SHGs have grown incredibly important in rural India. Here are some key roles of SHGs in the development of rural areas in India:

- **Economic Empowerment:** SHGs give rural residents, especially women, a forum to pool their resources and save money on a regular basis. In order to improve their financial situation, they urge their members to engage in income-generating activities, small

companies, and agriculture. Members of SHGs with access to credit and financial services can invest in profitable projects, grow their businesses, and enhance their standard of living.

- **Financial Inclusion:** SHGs serve as a bridge between financial institutions and rural families in order to promote financial inclusion. They make it possible for their members who might not otherwise have access to traditional banking services to do so. By encouraging a savings culture and decreasing reliance on unofficial credit sources with high interest rates, this improves financial knowledge and inclusion.
- **Women's Empowerment:** Because they make up a substantial portion of the group's membership, SHGs primarily concentrate on empowering women. These organisations foster a welcoming climate where women may express their worries, take part in decision-making, and assume leadership positions. Greater gender equality results from women's rising social stature in society as they become economically independent.
- **Capacity Building:** SHGs help their members develop their skills through workshops that focus on capacity building. Financial management, entrepreneurship, health and hygiene, and agricultural practices are some of the subjects covered in these courses. Enhancing knowledge and skills benefits rural residents' livelihoods, health, and general well-being.
- **Social Cohesion:** SHGs work to foster harmony and social cohesion in rural areas. Members come from a variety of backgrounds, and through collaboration, they forge deep ties of trust and solidarity. In order to cooperatively solve neighbourhood problems and promote a development-friendly environment, a strong feeling of community cohesion is essential.
- **Poverty Alleviation:** SHGs help to alleviate poverty by creating income and offering assistance in times of need. Members' access to financial aid in times of need lessens rural households' susceptibility to shocks like natural catastrophes or economic downturns.
- **Health and Education:** SHGs also contribute to the promotion of health and education in rural communities. They coordinate educational initiatives, seminars, and workshops on sanitation, nutrition, and health and hygiene. They also encourage members to enroll their kids in school, which helps to enhance enrollment and retention rates.

- **Develop saving habits:** Since women are required to deposit money into SHGs on a regular basis, SHGs also help women develop saving habits. At specific intervals, they earn interest on their savings.
- **Governments Schemes and Programs:** SHGs serve as channels for the execution of a number of government programmes and policies aimed at promoting rural development. They make it easier for people to get benefits, guarantee accountability, and promote community involvement in development projects.

In general, the establishment and operation of SHGs have shown to be a successful grassroots strategy for rural development in India. Positive socioeconomic changes have been brought about in various rural communities around the nation as a result of their work empowering people, particularly women, increasing financial inclusion, and boosting community development.

CHALLENGES FACED BY SELF HELP GROUPS (SHGs) IN INDIA:-

Self-help Groups (SHGs) in India encounter a number of difficulties that may prevent them from operating efficiently and having a positive impact on rural development. Some of the significant challenges include:

- **Limited Financial Resources:** Many SHGs experience financial constraints that make it difficult for them to meet the credit needs of their members. It's possible that formal financial institutions' availability of credit would be constrained, which may increase people's reliance on high-interest informal sources.
- **Capacity and Skill Limitations:** SHG members frequently lack the knowledge and skills necessary to effectively lead their organization. They might struggle with decision-making, record-keeping, and financial management issues, which could compromise the group's long-term viability.
- **Social and Cultural Barriers:** In some areas, cultural restrictions and social conventions may make it difficult for women to actively participate in SHGs. The availability of resources and a woman's ability to make decisions within the group might be constrained by gender biases and constrictive social norms.

- **Significant Dropout Rates:** SHGs may have significant dropout rates, especially among members who are struggling financially or personally. The collective power and cohesion of the group may be reduced as a result.
- **Political interference:** In some instances, local politicians or power brokers may try to stymie SHGs, diverting funding and resources intended for development projects.
- **Utilization by powerful Members:** It is frequently observed that powerful individuals attempt to take the lion's share of the group's profits by taking advantage of the uneducated and illiterate members. Even if the uneducated and illiterate individuals have made significant contributions to production, they are not fairly compensated. As a result, it has an impact on the zeal and vigour of those who are illiterate, which has an impact on group activities.
- **Insufficient Stability and Unity among SHGs:** It is discovered that there is no unity or stability among the groups because many married women are unable to associate with the group because of their relocation. Conflicts inside the group therefore violate the SHG's code of ethics. In addition, the women members lack harmony for a variety of personal reasons.
- **Inadequate Training and Support:** The expansion and development of SHGs might be hampered by a lack of ongoing training and assistance from implementing organisations. For their continued success, capacity-building workshops, skill development, and ongoing mentoring are crucial.
- **Technological Gap:** SHGs may be unable to take use of internet banking, government programmes, and other digital technologies that could streamline their processes and increase efficiency due to a lack of access to technology and digital infrastructure.

A multifaceted strategy including governmental bodies, non-governmental organisations, and other stakeholders is needed to address these issues. The role and influence of SHGs in rural development in India can be increased by offering financial support, capacity-building, market connections, and a supportive governmental environment.

SHGs AND RURAL MARKETS:-

According to the reports of working committee of RBI (1994) corporations can also integrate SHGs into their strategies and policies. The rural market is mostly untouched and has enormous potential. If SHGs can be incorporated into a variety of business operations, including marketing, product and service distribution, the acquisition of different raw materials and semi-finished products, production and processing of indigenous goods, etc., they can offer businesses an appropriate alternative

In order to reduce poverty, especially in rural areas, the government came up with the idea of self-help organisations that gathered people with similar socioeconomic backgrounds. They receive skill development assistance and a portion of a loan is advanced so that they can start a certain activity. While SHGs in villages engage in a variety of activities, they primarily focus on the production and distribution of indigenous goods (local goods made from raw materials derived from natural resources, such as cane products, farm equipment, flower arrangements, food, dairy, and meat products, etc.).

FINDINGS:-

- SHGs facilitate financial inclusion by acting as a link between financial institutions and rural families.
- SHGs act as a chromatic avenue for women Empowerment.
- SHGs help to alleviate poverty by creating income and offering assistance in times of need.
- SHGs are known to help in community growth and social capital creation, according to research. SHGs encourage member cooperation, trust, and teamwork, which improve social cohesiveness and community mobilization. In turn, this makes it easier to carry out community development initiatives and improves the general wellbeing of the neighbourhood.
- SHG members frequently lack the expertise needed to efficiently run their group.

- In certain cases, local officials or influential people may try to thwart SHGs by directing funds and resources meant for development projects in other directions.
- There is a problem regarding the promotion and marketing of products produced under SHGs.
- The expansion and development of SHGs might be hampered by a lack of ongoing training and assistance from implementing organisations.
- SHGs also help women to develop saving habits which also yields interest on their savings.
- SHGs have the potential to bring Positive socioeconomic changes.

RECOMMENDATIONS:-

- There should be good understanding among the members of the SHGs.
- To advertise and market its goods at the district and state levels, the government should establish a separate board.
- To improve their understanding of cutting-edge technology, specialized training programmes must be organised by local governments.
- There should be a team for the inspection of the final use of the loan.
- As far as possible and practicable, political interference should be eliminated.
- The concerned authority should conduct seminars, workshops and training programs for enhancing their digital skill and removing technological gaps.
- Streamline SHG's access to established financial institutions and promote the creation of savings and credit products tailored to SHGs. To make it easier for SHGs to access financing, the government and financial institutions should streamline processes and relax collateral requirements.
- Encourage collaborations between SHGs and non-governmental organisations (NGOs) to gain access to knowledge, materials, and further assistance. NGOs can be extremely helpful in developing capabilities, providing training, and carrying out projects.

By putting these suggestions into practice, policymakers, governmental organisations, non-governmental organisations, and other stakeholders can help SHGs in India to overcome their difficulties and further solidify their function in rural development. SHGs will be given the tools they need to build a landscape for rural development that is more inclusive and sustainable with on-going assistance, training, and targeted interventions.

CONCLUSION:-

A significant portion of rural residents continue to be financially marginalised. Government-sponsored SHGs offer their members some financial support. Growing savings accounts, credit lines, and kisan credit cards represent overall economic and social progress, which fuels the daily growth of SHGs and their connection to finance. It is accurate to say that the significant decrease in rural poverty levels reflects both a rise in rural residents' income levels and financial involvement. Although NABARD has taken some steps to promote the SHGs-BLP (2013–2017) programme in an effort to end rural poverty, understanding of financial inclusion is still not widespread throughout all of India's states. The study reveals that SHG performs a significant role and also have the potential to become a chromatic avenue of rural development if various challenges are addressed properly.

After all, it can be concluded that the SHG movement in India has proved to be a powerful catalyst for rural development. SHGs have been instrumental in enhancing the socioeconomic circumstances of rural areas in India through empowering women, advancing financial inclusion, encouraging community development, and helping microenterprises. To further increase their influence and assure long-term development in rural areas of India, issues including access to funding, market connections, and sustainability must be addressed effectively.

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