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IMPACT OF SELF – HELP GROUPS ON SOCIO – ECONOMIC DEVELOPMENT OF INDIA

***DR SANJAY SAROJ**

***Keoti, Darbhanga, Bihar**

ABSTRACT:

Self – Help Groups (SHG) also known as mutual help, mutual aid or support groups. The main aims of Self – Help Groups are eradicating the poverty and provide a channel of financial assistance of its members. The Crores of the poor and the marginalized population in India are building their lives, their families and their society through Self Help Groups. Self Help Groups have been playing considerable role in training of self- employment (swarozgar), infrastructure development, Financial Inclusion and micro finance, marketing and technology support, communication level of members, self confidence among members, change in family violence, change in the pattern of saving, 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.

Keywords: *Self Help Groups(SHGs), Microfinance, Employment, Financial Inclusion*

INTRODUCTION:-

The self help group method is used by government, NGO and other worldwide to share common problem and heal or recover from the problem by mutual support of its members. Self-help groups also known as mutual help, mutual aid or support groups. The main aims of Self-Help Groups are eradicating the poverty and provide a channel of financial assistance of its members. In India MYRADA was an early promoter of SHGs. In the early eighties, MYRADA and the Bhagavatula Charitable Trust, of the Vishakhapatnam district in Andhra Pradesh began mutual savings and credit groups in rural areas, mostly among women. These were probably the first instances of rural savings and credit groups in the country, for and of women. In Indian Context Self Help Groups play an important role to enhance the peace of economic and social development.

SHG APPROACH AND FINANCIAL INCLUSION:-

Micro finance or Micro credit is a novel approach to “banking with the poor”. The approach was very successfully tried in Bangladesh where bank credit is extended to the poor through Self Help Groups, Non Government Organization (NGO), and Credit Union etc. As an innovative credit channel, the promotion of SHG in India began more formally in 1992 with the launch of the SHG Banking Linkage Programme by National Bank for Agricultural and Rural Development (NABARD). The main aims of programme was to improve economic capacity of rural poor in a cost effective and sustainable manner by making use of SHG. A SHG working on principle of solidarity helps the poor to come together to pool their savings and access credit facilities. The major role of SHG is seen in terms of their potential to empower the women members. The participation in SHG and the access obtained to savings and credit can play a transformational role for women member to take care of her family’s financial needs for consumption and production purpose.

The microfinance Institution will provide a loan to a registered group farmer who grows a variety of different crops. The farmers will have the freedom to choose their groups and each group will contain 15 farmers with an average land holding of two acres per farmer. While the group will have the freedom to decide the manner in which the loan is to be divided amongst its members, the Microfinance institution will provide advice and education of efficient ways of financing and allocating funds. By promising to buy the product the MFI provides a steady stream of cash flow to the farmers. The MFI will sell the product in the open market for a profit. The farmers benefit as they are waived of the principal borrowed and are only charged a monthly interest that is payable once enough income is earned. Even after waiving the principal, the interest rate charged by the MFI will be lower than the existing informal interest rate.

NEED OF SHGS IN INDIA:

As we know that India is a less resources state and it is the main hindrance of development. For the growth and development need a mechanism and that mechanism provides by the SHG. The following are the reasons for need of Self Help Group in India:-

- (1) To eliminate the poverty.
- (2) To eliminate unemployment
- (3) To accelerate the economic growth
- (4) To promote income generating activities
- (5) To enhance the living standard of people.

(6) To ethical development of society

IMPACT OF SHGS IN INDIA:-

Self Help Groups are emerged as main forces of social and economic development of India. The impact of SHG is all around the social and economic activity.

- (1) **Saving and financial activity:-** The primary benefit of SHGs is promoting the savings amongst members. SHGs are making its members habitual to saving and its impact on members that they make savings from their hard earned money.
- (2) **Access of credit:-** The SHGs are ease to access credit to its members and make surety about the repayment of loan.
- (3) **Financial Inclusion and micro-finance:-** The basic banking facilities are not available to the larger population of India. SHGs are initiating the people through SHGs Bank Linkage Programme. In 1992 NABARD start the Bank Linkage Programme with SHGs for the purpose of financial inclusion and micro-finance. The data published by NABARD shows that SHGs are play an important role to achieve the financial inclusion and micro finance status. The extent of participation can be gauged by the fact that at present more than 100 scheduled Banks, 349 DCCBs, 27 State Rural Livelihood Mission and over 5000 NGOs are engaged in promoting Self Help Groups. There was a net addition of 6.73 lakhs SHGs having linkage to 85.76 lakh as on 31st March 2017. The saving outstanding of SHGs with banks as on 31st March 2017 has reached an all-time high of Rs 16114.22 crore. During the year, banks have disturbed loan of Rs 38781.16 crore, recording 4% increase over the last year despite the impact of demonstration which slowed down loan disbursement post October 2017. The total bank loan outstanding to SHGs also increased by 7.81% and stood at Rs 61581.30 crore against Rs 57119 crore as on 31st March 2016. The gross NPA of bank loans to SHGs marginally increased by about 5 basis point from 6.455 as year when there was overall deterioration in quality of assets and mounting NPAs in the banking sector.
- (4) **Employment Generation:-** In India employment is a bigger issue. SHG has generated the self employed opportunity to the rural poor people. The government of India also gives the support for self employment programme to the SHG and also government flagship programme like Swaranjayanti Swarojgar yojna, Skill India and Digital India implemented through SHGs which give the pace of employment generation and economic growth. Through the self employment and micro enterprises SHGs are elevated the poverty. NABARD attempted digitization of SHGs under a project called E-Shakti to take advantage of the available technology to address the problem of book keeping, capturing the credit history of SHG

members, generating SHG grading report based on its financial and non-financial records and making the available to all important stakeholders. So all the activity done by SHGs generate the employment opportunity.

- (5) **Participation in local Politics:-** SHGs are promoted the rural poor people to participation in the local politics which strengthen the democracy of India. Because of SHGs the people know about local political institution like Gram panchayat and have better knowledge of where to report certain types of grievances.
- (6) **Achieving Social Justice: -** Gathering in the SHGs people know about the right duties of them and aware the facts, circumstances and grievances of the people which promote the social justice in the society.
- (7) **Reduction in Family violence:-** Many of domestic violence happen due to the poor economic condition of the family. According to study 25% of domestic violence caused by financially empowered to the women and reduce the chances of domestic violence caused by financial difficulties.

CONCLUSION:-

Micro financing through Self Help Group (SHGs) are essential to overcome exploitation, create confidence, for economic self-reliance of rural poor, participatory among women who are mostly invisible in the social structure.

A group becomes the basics for action and change. It also helps building of relationship for mutual trust between the promoting organization and the rural poor through constant contract and genuine efforts.

SHGs play an important role in differentiating between consumers credit and production credit; analyzing the credit system for its implications and changes in the economy, culture and social position of the target groups, providing easy access to credit and facilitating group/organization for effective control, ensuring repayment and continuity through group dynamic; setting viable norms for interest rates, repayment schedules gestation period, extension, writing off bad debts and assisting group members in getting access to the formal credit institutions.

Therefore, Self Help Groups disburses micro credit to the rural women for the purpose of making them enterprising women and encouraging them to enter into entrepreneurial activities. Credit needs of rural women as participants, decision-makers and beneficiaries in the democratic economic, social and cultural spheres of life.

Overall in the era, SHGs are main stakeholders to the national socio-economic development, but it is not mature, lots of hindrance like cheating, maintain the books of accounts, education of members are present in the way of SHGs. So a long of journey of SHGs are going on.

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