

The Growth of Self Help Groups in India – A Critical Study

Sonali Chouhan¹ and Neeta Maheshwari²

Abstract

Microfinance is a helpful tool in development of our country, as it is a provision for financial services to the poor. Its outreach is vulnerable section of society with objective to reduce poverty and enhance standard of living. It is characterized with improving literacy level, employment level, income and saving level of the people in backward areas. So microfinance increases the positivity and reduces the impacts of poverty. One of the biggest development of microfinance is 'self help group (SHG)', it is small homogeneous group of similar social or economic background people, who come together to improve saving, establish business and avail low cost loan. The basic approach of SHG is to create and utilize the common resources for achieving the objective of group members. The purpose of the study is to analyze the overall growth and development of SHG in India and performance of E-shakti mission for bringing positive changes among women.

Keywords: Self help group, microfinance, poverty reduction, women empowerment, living standard, economic development.

Date of Submission: 07-09-2021

Date of Acceptance: 21-09-2021

I. Introduction

SHG has improved network linkage with financial inclusion and has seen smooth growth in various areas which include developed & under developed both. It brings positive changes in the society with sustainable development.

As SHG is a powerful tool to remove poverty through improve saving, income & sustainability among rural women. It also enables the social-economic development among poor & strengthens overall status of women. The basic approach of the study is to understand the growth of SHG & there development on the basis of E-shakti mission which was started with 2 districts in 2015 and in 2021 has covered 254 districts in which more than 12 lakh SHG group (with savings of 8322.04crores) are linked with (30257 branches) banking networks. It shows good efforts of government of India which arranged active linkage and tremendous growth of access technology by this scheme of SHG.

Objectives:-

1. To examine the overall growth of SHG from margin to the mainstream
2. To analyze the performance of the mission E-shakti (in terms of savings and coverage)
3. To study the reason for rapid growth of SHG in India.

Concept

“SHG is a group of people who come together to achieve common goal like to improve saving, living standard, social & economic status” SHG involve saving economic development, socioeconomic growth, learning of market dealing, connectivity with financial services, assemble & utility of the common funds, accountability related with return of loan and empowerment.

Self –Help Group play a vital role in alleviate the poverty and improving the social and economic status of women of the country. After many bottlenecks, Microfinance with SHG is capable of elevating the status of families in social, financial and economic aspects and also helps to upscale the women empowerment in positive direction.

Male and female are two sides of a coin so should be equally treated in the society, but women considered as a vulnerable part in it. To generate a path for women to reach them to the mainstream the concept of women empowerment took place.

Women empowerment can be explained in the terms of increasing strength, freedom of making choices, or ability to exercise control on decision. The real empowerment refers when women achieve access to all resources and participate with a free mind, it often involves socially and economically empowered women which develop their confidence and generate equality among society. But because of gender discrimination women could not take part in the economic activities, family decision making etc. As the SHG, through

Microfinance play a vital role in the society and helps women to come forward and making contribution to the family socially and economically, it also upgrade the status of women and considerably reduced dependence on men.

Origin and development:-

- The SHG established in 1972 through Self Employed Women’s Association in life (SEWA).
- Ela Bhatt found this association for poor’s development & self employed women works such as weaves, potter, hawker and others in unorganized sector came with the objective of enhancing their incomes.
- In 1992, National Bank for agriculture and rural development (NABARD) established SHG with bank linkage project (BLP). It is (SHG BLP) the world’s largest microfinance project.
- After that NABARD along with RBI allowed to open saving bank accounts of SHG’s.
- Then, the scheme SwarnJayanti Gram SwarozgarYojana was introduced by Government of India for promoting the self employment through formation & skilling of such groups in rural areas.
- This evolved into a new project called “National Rural Livelihood Mission” (NRLM 2011).

Structure



In SHG the group member works for enhance the living standard, saving& solving their financial problems and also motivate each other to develop their strength. In this way the structure helps to become self worth & dependent in social & economic way as from their own funds or with external fund, the members develop opportunities for income generation through regular savings. After that the member collectively applies for micro loan to improve their business viabilities. Only those SHG get credit facilities from bank linkage or Microfinance institutions (MFI) that utilizes their own saving for productive purpose. Banking institution helps in funding and increases the networks and NGO emphasis on training & development different skills providing for improve the sustainability in income and development of entrepreneur.

Growth

There has seen immense growth in the SHG members after commencement of different schemes through the government. As the NABARD has started in year 1992 with the Bank linkage programmes (SHG-BLP) and then it has taken to the heights with delivering the affordable banking services at every door step. And the other initiatives programmes held for the development of different states are like- ‘Ajjivika, TRIPTI, E-shakti project, Indira krantipratham programme’ and schemes like SwarnJayanti Gram SwarajgarYojana, Livelihood & Enterprise Development Programme, National Rural Livelihood Mission which creates positive and drastic change among the rural women. These growing paths has been created by NABARD and its partner- Regional Rural Banks, Non-government organisations (NGO), Commercial & Cooperative Banks, Micro finance institution and Self help promoting institutions (SHPI). In the recent years savings & loan disbursement also increases through SHG, and it also achieved the objective of schemes, which simultaneously develops the economic and financial parameters of the country as shown in fig.1

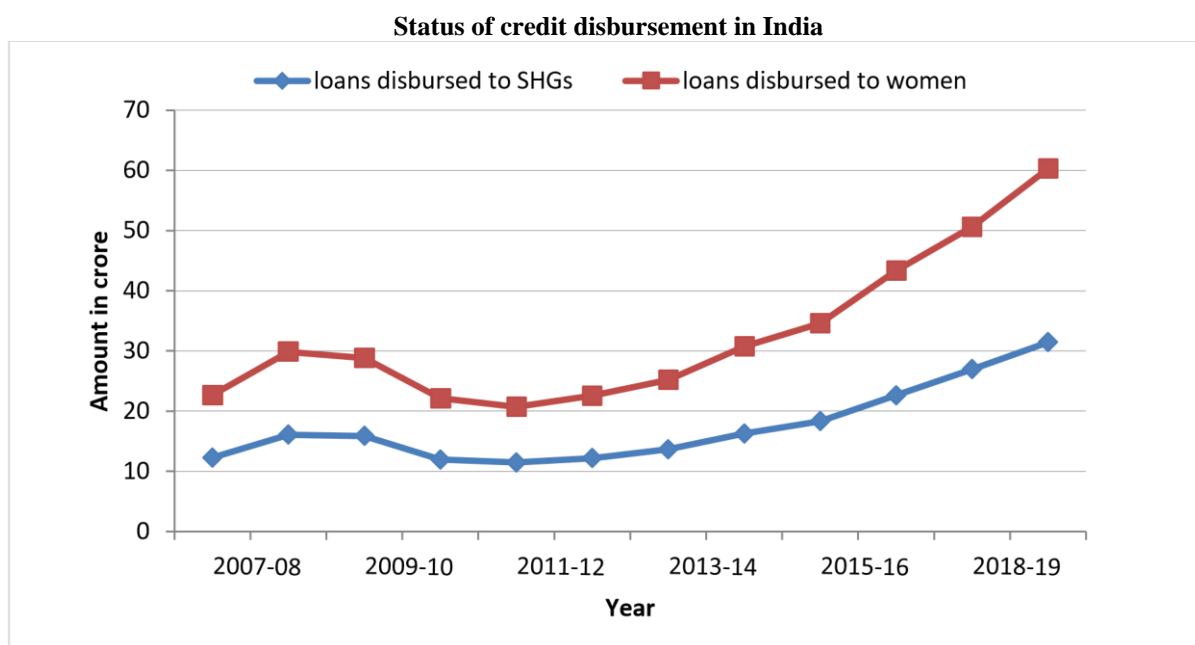


Figure 1

Table: 1 Loan disbursement to SHG

Year	loan disbursed to SHG'S		loan disbursed to Women SHG'S		% of women SHG's of total SHG's	
	No. shg's (in lakhs)	Amount (crores)	No. of shg's (in lakhs)	Amount (crores)	No. of shg's (in lakhs)	Amount (crores)
2007-08	12.27	8849.26	10.41	7474.26	84.79	84.46
2008-09	16.09	12253.51	13.75	10527.37	85.4	85.9
2009-10	15.86	14453.30	12.94	12429.37	81.6	86
2010-11	11.96	14547.73	10.17	12622.33	85	86.8
2011-12	11.48	16534.77	9.23	14132.02	80.54	85.5
2012-13	12.20	20585.36	10.37	17854.31	80.1	86.7
2013-14	13.66	24017.36	11.52	21037.97	84.3	87.6
2014-15	16.26	27582.31	14.48	24419.75	89.05	83.53
2015-16	18.32	37286.90	16.29	34411.42	88.92	92.29
2017-18	22.61	47185.88	20.75	44558.74	91.78	94.43

2018-19	26.98	58317.63	23.65	53254.04	87.66	91.32
2019-20	31.46	77659.35	28.84	73297.56	91.67	94.38

Sources ; Status of Microfinance 2019-20,2017-18., PIBR.com

Though arriving a continuous contribution from the regions east, west, north and south in enlargement of microfinance portfolio and borrowers. Training Programme enhance the capacity building, participation, skill up gradation, enterprise development in every region of the country.

Even in the pandemic (covid-19) many initiatives taken by villages, district, & state governments to provide opportunity to SHG members like (mask making & supplying, food kits distribution , community kitchen , door step banking services, awareness camps for maintain hygiene among rural) for accomplishing there basic needs and enhance living to vulnerable section of the society.

E-shakti –Project for digitization of SHG’s-

It was launched by NABARD in 2015 with the aim to digitization of data of all the SHG’s under the fold of financial inclusion for enhancing the ease of doing business. It takes place through a pilot project in two districts, and then it expands in 100 districts in 2017 and later covered more than 250 districts till 2020 across the country. It is brilliant effort of the GOI (under mission “Digital India”) which gives positive growth rate and arranges a wider access to the financial services as it covered more than 12, lakh groups of SHG’s .

Year wise progress under E-Shakti project

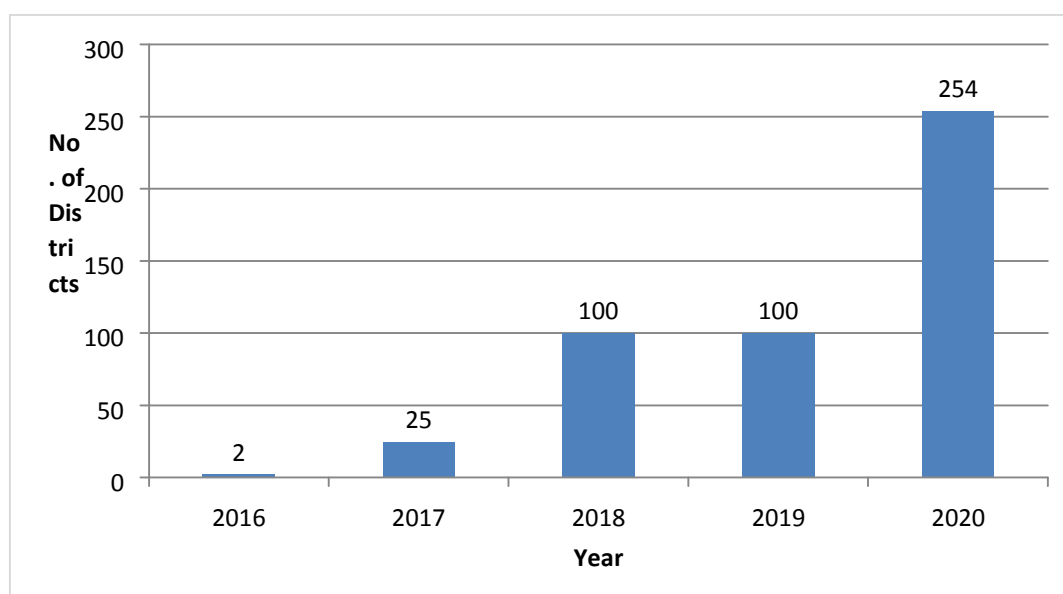


Figure 2

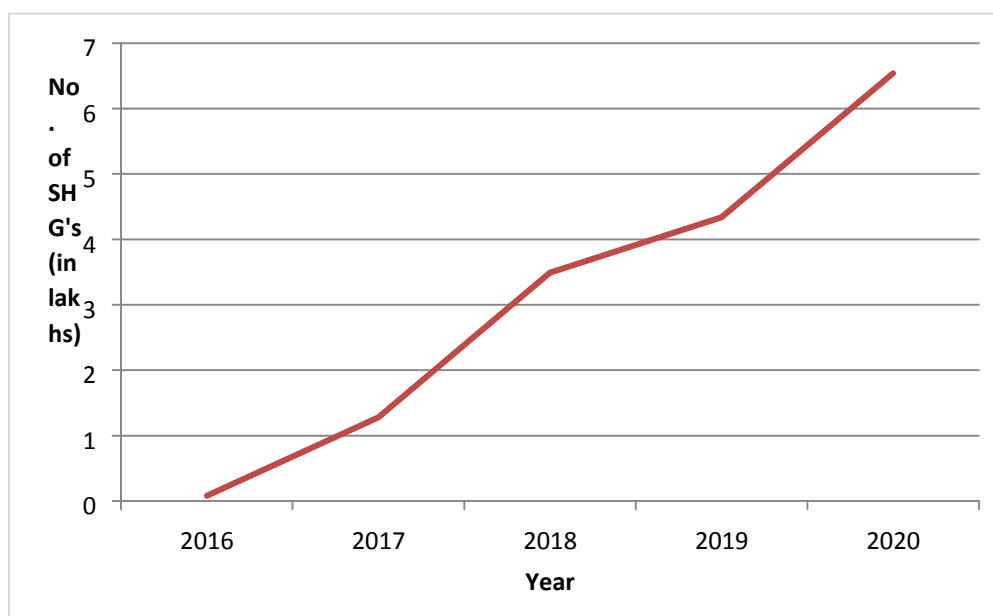


Figure 3

Table:2 Growth of SHGs digitized under Eshakti

Year	No. of districts	No. of SHG's (in lakhs)
2016	2	0.08
2017	25	1.28
2018	100	3.49
2019	100	4.34
2020	254	6.54

Source: Status of microfinance in India 2019-20

E-shakti is the development programme which covered 1,68,712 villages and 1,39,36,640 till 2021 (women SHG members) to enhance empowerment through technology. It introduced digitalization to the SHG members through the medium of networks, which could get access to their bank accounts, helps in transaction, avails book keeping, and other details on their mobiles.

Then the Ajeevika 2012 under National Rural Development Livelihood Mission is the successful scheme of the government. This scheme basically focuses on the upliftment of the poor women to enhance their income and raise the socio economic status. Through various schemes SHG's has inculcate seeds in the economy for growth and development of the country.

Reasons for the Rapid growth of the SHG Movement

- SHG improved saving which enhances the economic status of the members.
- It develops economic independence and strengthen social decision making.
- SHG gives training which develops self worth, leadership skills, bargaining power& capacity building among women.
- It enhances the investment capabilities & entrepreneurial skills of the marginalized part of the society
- SHG develops a sustainable environment among rural & urban with reducing financial problems.
- It builds strong bank linkage.
- Helps in arranging long term benefits through sustain growth in business opportunities.
- It reduces dependence on external credit facilities and established financial access with bank to provide platform to the rural & urban women.
- Higher credit arrangement leads to improved technology.
- It promotes productive use of credit through group activity & making them self reliance.
- SHG brings overall improvement in the attitude of the members through market & financial access.

As SHG not only improved social- economic development among the poor but also it improved different skills (leadership) in them. This has also eliminated the external channel of lending and improves

financial access through bank linkage program. It helps in reduce the actual cost and increase proper utilization of credit.

II. Conclusion

SHG movement has become a successful strategy because of its major players are women ,and as the data is showing that more than 85% of SHG's are running them they play a vital role in the development of the society at large. Financial inclusion & bank linkage program also enhance the access to services at marginal level ,which eliminates the external channels of lenders .With the engagement of poor's in SHG activities has emphasis on savings, credit utilization and simultaneously it also develops managerial skills ,literacy level ,social and economic empowerment among the women.

SHG has the potential to arise positive changes through this movement and it is being proved that women could be the mainstream, if they get the opportunity to play role in economic development.

Future aspects

- SHG needs to expand the scope to maximize investment and its impact on livelihood.
- Innovation must be reshape for their maximum utilization which enhance the operation of mission and improve agenda of financial inclusion.
- Smooth transition from manual to technology could take long way to implement but till the govt. should work on sustainability of groups.

References

- [1]. Pangannava, A.Y. (2014), A research Study on development of Self- Help Group in Belgaum District, Pragati Journal of Indian Economy, 61-73
- [2]. NABARD 2017-18(35-37), 2019-20, "Status of microfinance in India 2019-20" (28-40), Hand Book
- [3]. Singh.S and Arora.M (2016), "Role of financial institutions in promoting Microfinance through SHG bank linkage programme in India" . Pacific Business Review International .0974-438x Ravi.S and Vikramma.P (2012)"The growth of Self Help Groups in India: A Study", Indian Journal of Applied Research vol.1, issue 7, 168-170.
- [4]. Aravali (2008), "Quality and Sustainability of SHG's – A Study of Rajasthan"

SonaliChouhan, et. al. "The Growth of Self Help Groups in India – A Critical Study." *IOSR Journal of Business and Management (IOSR-JBM)*, 23(9), 2021, pp. 12-17.