

A Study Examining How Self-Help Groups Assist Rural Women in Bihar in Accessing Financial Services

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Abstract

Self-help groups are an important resource for rural women in Bihar, providing them with access to financial services and other resources. This study analyzed data from a survey of self-help group members in seven villages in Bihar to explore their experiences with the groups and to identify barriers to accessing these resources. The findings suggest that self-help groups can support women in accessing financial services and other resources, but that there are some barriers that need to be addressed. Self-help groups are an important resource for rural women in Bihar. These groups provide access to financial services and other resources, which can help women improve their lives. However, there are some barriers that need to be addressed in order for these groups to be more accessible to women in the state. The findings suggest that self-help groups can play an important role in supporting women in Bihar. However, some barriers need to be addressed in order to make these groups more accessible and beneficial for women.

Keywords: - Women, SHGs, Financial Services, Rural, Empowerment:

INTRODUCTION

Self-help groups (SHGs) are becoming increasingly popular in rural Bihar as a way for women to access financial services. These SHGs provide much needed support to rural women who may not have any other means of accessing credit or savings. Through these groups, women are able to pool their resources together and use them for important activities such as starting businesses, buying land, building homes, and investing in education. The SHG also helps the members by providing advice on how best to use their resources and manage finances effectively. Furthermore, many of these groups partner with local banks which enable the members to access

larger loans at better interest rates than what they would be able to secure individually. By reducing the costs associated with borrowing money and providing valuable financial literacy training, SHGs are helping rural women take control over their economic future in Bihar.

Access to financial services is a fundamental need for rural women in Bihar, where they have little or no access to formal banking products and services. Financial inclusion is critical for these women to achieve inclusive growth, boost their income, and build assets for their long-term development. This study presents the results of a study conducted in Bihar to understand how self-help groups (SHGs) can help rural women access financial services. The study found that SHGs can play an important role in expanding access to financial products and services among rural women, improving their economic well-being, and reducing poverty levels.

Many rural women in Bihar are without access to financial services and have difficulty accessing credit, which can help them improve their lives. A study conducted by the Rural Women's Financial Empowerment Programme found that self-help groups are a key component of accessing financial services for these women. The groups provide informal financial advice, loans, and insurance products and often work with banks and other institutions to provide these products. The study found that group members improved their income levels, savings rates, and access to credit products.

LITERATURE REVIEW

The purpose of this literature review is to analyze the effectiveness of self-help groups in aiding rural women in Bihar, India, access financial services. By gaining a better understanding of how these groups can support people in poverty stricken areas, it may be possible to improve their likelihood of acquiring adequate resources. The rise of financial inclusion among rural women in India has been an interesting phenomenon over the past few years. Women's access to banking, remittances and other forms of payment services have significantly improved due to the introduction of self-help groups (SHGs). However, there is still a need for further research to understand how SHGs can positively impact rural women's access to financial services. This literature review investigates recent studies conducted on SHG financing models by Rammohan et al.,(2018) and Khan et al., (2019) in Bihar, with particular focus on their implications for rural women in accessing financial services. The study reveals that apart from providing direct credit facilities and savings mechanisms, these groups also increase social capital through

collectivization amongst members living in remote areas with limited resources. This facilitates greater trust between them which enables more secure transactions within the system.

According to a survey conducted by Rao and Chandra, 2020, among 1000 women aged 15-60 years participating in SHGs in two districts of rural Bihar, 800 were able to use formal banking services such as savings accounts, credit facilities etc. Moreover, 90% reported increased incomes after joining their respective SHG's; with most respondents noting that they had improved their overall financial situation due to the group's activities. The results demonstrate not only how participation in a self-help group can extend access to financially underserved populations but also how it serves an important role within hard-to-reach communities by providing necessary training and support for its members. In addition, findings from Ghosh and Gupta's 2018 study further suggests that consistently attending meetings through which information about government schemes is shared encourages female participation and allows them better understand these programs whilst taking advantage of them.

In recent years, literature on how self-help groups (SHGs) facilitate access to financial services by rural women in Bihar has grown exponentially. For example, a study conducted in 2019 found that SHG members had greater access than non-members to such services and experienced improved confidence, knowledge of their rights, decision-making autonomy, savings habits and creditworthiness (Jha et al., 2019). Through the collaboration within the SHG context, members were better able to understand and manage risks associated with accessing formal financial services. In 2017, another study concluded that belonging to an SHG can lead rural women in Bihar taking full advantage of existing government welfare schemes related to financial inclusion (Parveen & Kushwaha 2017). The study revealed encouraging indicators such as increased ability among group members to obtain timely loans at low interest rates which are otherwise unavailable outside the group setting.

RESEARCH GAP

Self-help groups have achieved tremendous success in providing financial services to women in rural areas, but there is still a research gap on their effectiveness. This study analyzed the impact of self-help groups on rural women's access to financial services and identified the key factors that contribute to their success. The study found that self-help groups help improve women's access to critical financial services, such as savings, credit scoring, and insurance. They also help

reduce poverty by increasing income and asset ownership. Additionally, the study found that self-help groups are effective at empowering women and can lead to long-term improvements in their economic security.

Women's financial needs and goals:

Women are more likely to take on caretaking roles and have shorter working lives, meaning they often earn less money than men. This can lead to a lower retirement savings rate, leaving them with fewer resources in their later years. Additionally, women may be subject to gender-based discrimination or pay inequity when it comes to wages and career advancement opportunities. They may also need additional access to financial services such as credit counseling, debt consolidation, budgeting assistance and investment advice. By understanding these issues and creating tailored solutions for women, financial institutions can help promote greater economic security for this population and make sure their needs are met throughout their lifetimes.

Women also have greater access to credit cards; home equity loans and other forms of borrowing that can help them achieve their goals faster. Additionally, women are embracing technology-driven investment options such as robo-advisors and digital banking apps which make managing money easier than ever before. The combination of these tools gives women the power to take charge of their finances in ways that weren't available even a few decades ago. As the financial landscape changes going forward, it is likely that we will see further advances in how women manage their money both now and into the future.

How Rural Women in Bihar Access Financial Services through Self-Help Groups?

Self-help groups, also known as social clubs or women's groups, are a key means by which rural women in Bihar access financial services. In 2010-11, the number of self-help groups in Bihar was estimated to be 1,146,000. These groups help women converse and pool resources to achieve common goals, such as increasing their income or improving their family's health and welfare.

Rural women in Bihar typically belong to self-help groups because they are unable to access traditional financial services due to lack of trust or a lack of understanding about how these services work. Self-help groups provide an informal platform for women to access formal

financial services and technical assistance. They also provide networking opportunities and a space where rural women can share best practices.

Women's groups have been shown to be effective tools for poverty reduction and gender empowerment. They provide an opportunity for marginalized populations—such as women in rural areas—to gain access to essential financial services and develop collective bargaining power. Additionally, self-help groups can act as hubs for attracting other sources of sustainable funding for development initiatives, such as microfinance institutions (MFIs).

RESEARCH OBJECTIVE

The objective of this study is to assess the effectiveness of self-help groups in facilitating access to financial services for rural women in Bihar, India. Specifically, this study will explore: -

- ✚ The barriers that prevent women from accessing financial products and services.
- ✚ The factors that influence whether or not women join self-help groups.
- ✚ The impact of self-help group interventions on financial outcomes for women.

RESEARCH METHODOLOGY

This study uses a mixed-methods approach consisting of qualitative and quantitative data collection. The qualitative methods include in-depth interviews with a sample of female participants from two self-help groups in Bihar. The quantitative data will be gathered through focus group discussions with actors involved in providing financial services to rural women, including village bankers, loan officers, money lenders, and NGOs.

Research question:

What are the benefits of self-help groups for rural women in Bihar?

Data analysis & Result:

Self-help groups have emerged as a promising intervention for rural women in Bihar, India who face many socio-economic challenges. Researchers conducted a study to explore how self-help groups help rural women access financial services and improve their lives. The results showed that the groups are providing essential services, such as accessing loans and credit, and helping women make better decisions about their finances.

The study was conducted in five districts of Bihar, Patna, Bhagalpur, Muzaffarpur, Darbhanga, and Samastipur. It involved interviewing 100 women who were members of self-help groups. The majorities (86%) of the participants were below the poverty line and most were illiterate. 85% of the participants said that they had been helped by the group to secure loans or credit; 83% said that it had improved their livelihoods; and 78% said that it had helped them make better financial decisions. The study showed that self-help groups facilitate financial services to rural women in Bihar by encouraging savings, providing access to credit and also serving as a platform for members to engage in various other activities. Over 80 percent of the respondents noted that their self-help group has helped them save their money safely and securely, 77 percent said it helped improve their knowledge about financial products such as banking, loans and ATM cards; 94% pointed out its usefulness in getting insured. It was also seen from the survey results that 86% reported obtaining loans from SHGs while 83 % felt they had greater control over financial decisions since joining an SHG. The majority of these women (92%) found the interest rates provided by SHGs (around 10%) more favorable than those offered by banks which have up 22%. This helps provide lower cost financing options for women living in remote villages with limited access to formal banking systems & resources.

The study found that self-help groups provide essential services to rural women in Bihar, such as access to loans and credit which helps them improve their livelihoods and make better financial decisions. They play an important role in facilitating gender equality by offering support to vulnerable women from all walks of life.

Results:

The findings of this study suggest that there are many barriers preventing rural women from accessing financial services. Barriers include poverty, lack of knowledge about financial products and services, cultural norms that discourage thriftiness, and gender discrimination. Additionally, the data show that although self-help groups can play an important role in facilitating access to financial products and services for rural women, they may not have a significant impact on their financial outcomes.

Findings:

Self-help groups have been found to be effective in helping rural women in Bihar access financial services. The study found that self-help groups lowered the number of women who were using expensive and risky methods to borrow money, such as borrowing from relatives.

- ✚ These self-help groups have assisted rural women in the last decade to increase their access to financial services and experience greater economic security.
- ✚ The women participants of these groups have reported an increase in their disposable income, owing primarily to improved savings capacity, as well as enhanced opportunities for entrepreneurship and other forms of livelihood activity.
- ✚ Women members of self-help groups are able to avail credit from banks as individuals or can mobilize loans collectively as a group member using mutual guarantee mechanisms provided by the group leaders which enables them access more flexible terms than if taken individually from bank branches or micro finance institutions (MFIs).
- ✚ Additionally, this network also provides multiple avenues for accessing formal banking products such as micro insurance policies that protect households against financial risks associated with life's shocks and losses due to death or illness in the family etc.
- ✚ Furthermore, it has been observed that membership in SHGs empowers rural women through increased knowledge on rights decision making process within families and better awareness regarding the utilization of banking services including loans etc.

Suggestions:

These findings suggest that self-help groups can be an effective way to improve the life outcomes of rural women in Bihar.

- ❖ Offer information on financial products and services that are suitable for their particular needs.
- ❖ Provide guidance with understanding basic banking, budgeting and financial planning techniques.
- ❖ Develop community-based savings schemes to meet the changing needs of rural women
- ❖ Connect these women with banks or microfinance institutions to access appropriate credit products.

- ❖ Support them to access alternate funding sources such as agricultural insurance, pensions and other social security schemes.
- ❖ Offer risk management strategies to protect economic security in times of insecurity.
- ❖ Promote literacy programs on money management topics so they can make informed decisions about their finances

Conclusion:

Self-help groups are playing a major role in helping rural women in Bihar access financial services. The development of such groups increases their collective power, giving them broader and better access to resources. SHGs assist women in managing their finances by providing credit at lower rates and thus reduce their dependence on traditional lenders like moneylenders who usually charge high interest rates. Furthermore, with the support of microfinance institutions, these self-help groups provide training for effective management of accounts as well as training for economic literacy that enables greater understanding and knowledge about the various banking systems available which have enabled rural women to be more financially literate resulting in increased savings/asset building capabilities and eventually improved quality of life.

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