

A STUDY ON THE IMPACT OF SELF-HELP GROUPS ON ECONOMIC DEVELOPMENT OF NORTH BIHAR

Abhishek Kumar

Research Scholar, Faculty of Commerce, University Department of Commerce and Management
B. R. Ambedkar Bihar University, Muzaffarpur

Dr. Niraj Kumar Verma

Assistant Professor & Supervisor, Department of Commerce, S. N. S. College Muzaffarpur

Abstract

Self-help groups (SHGs) are being increasingly recognized as powerful instruments that empower both rural and urban poor, enabling them to command their economic destiny. As one of the most popular microfinance programs in India, SHGs have been proven to be an effective tool for reducing poverty, by uniting individuals and leveraging collective strength towards a common goal. Through its ability to mobilize savings from even the poorest sectors of society, self-help groups have played a critical role in transforming North Bihar's economy. The region has seen remarkable advances from improved literacy rates through increased disposable incomes due to better access to capital and services afforded by the program. This study examines the role of self-help groups in strengthening the economic development of North Bihar, India. Using mixed methods such as interviews and surveys with government officials, researchers, Non-Governmental Organizations (NGOs) and members/leaders of self-help groups, this research focuses on understanding how local communities are utilizing new resources associated with these associations to improve their socio-economic situation. The self-help groups (SHGs) have become a significant source of economic growth in many regions, especially in developing countries. This study looks at the impact of SHGs on the economy of North Bihar, India and its surrounding villages. This region is characterized by extreme poverty levels and lack of infrastructure with few facilities for social and economic development available to its citizens.

Keywords- Self-help groups (SHGs), Economic, Development, and Socio-economic:

Introduction

Self-help groups (SHGs) have emerged as a vibrant and adaptive model of community development in India, having served predominantly rural and impoverished populations. They have become an important part of the overall economic strategy for uplifting disadvantaged sections, with clear involvement from the elite sector on their part to provide a framework for poverty alleviation. This paper looks into how SHGs have had an impact on the socio-economic landscape of North Bihar, one of India's most backward regions economically. The focus will be primarily on its potential to generate income, savings and investments, create jobs while distinguishing between male versus female labour participation in those activities themselves. It pursues an analysis of all identified self-help group schemes across 5 districts that underwent distinct development models – Each focusing upon various aspects such as skill training or food security amongst other support interventions; ranging from microcredit programs towards the establishment of village recovery funds respectively. . In recent years, many governments have initiated programmes towards promoting microfinance and SHGs as effective ways for poverty alleviation and economic empowerment. This study assesses the effectiveness of these assistance programs in North Bihar – one area particularly prone to poverty due its geographical location and lack of resources - where these programmes were introduced more than five years ago with high hopes for success.

Self-Help Groups (SHGs) have emerged as a leading tool for poverty alleviation and economic development in North Bihar. The SHG movement has emerged from the grassroots level of the rural population, providing an entry point for stakeholders to support and promote sustainable livelihoods. These groups are formed by individuals drawn from disadvantaged sections of society who come together on their own initiative to share resources, knowledge, skills and energy. This collective approach contributes substantially towards economic stability at the family or village level in North Bihar. It also encourages market linkages with government institutions such as banks and NGOs which helps local producers assimilate into larger value chains thus creating new opportunities beyond subsistence farming activities that were traditionally common in these areas. Different types of social capital investments can be made through participation within SHGs like mutual insurance schemes based upon individual contributions, credit systems used to fund small businesses located within members' households; wage employment projects etc., all conducive factors for improved living standards amongst rural communities across North Bihar. Thus, this

study explores how Self-Help Groups can facilitate effective economic development processes particularly relevant to those communities in impoverished states like North Bihar where interventions tend to yield low returns due largely due political underdevelopment.

Literature review

A literature review of the study on the Impact of Self-Help Groups (SHGs) on Economic Development in North Bihar, by Singh et al. (2014), was undertaken to examine the findings of the research. The authors conducted a survey with 300 participants representing SHGs from seven districts across North Bihar. They gathered data pertaining to members' socio-economic backgrounds and knowledge about their SHG as well as their overall impact and contributions in terms of social capital formation, women's empowerment, economic activities and rural development initiatives. A study conducted by Sarkar (2017) investigated the impact of self-help groups on economic development in North Bihar. The major objective was to analyze whether participation in self-help group activities influences the socioeconomic condition of members and their households. A total of 200 respondents were selected from three sub-districts to participate in this survey. Participating groups included SHG, Village Level Institution, Farmers' Club and Women Self-Help Group run NGO based projects.. Results revealed that socio-economic impact is larger for poorer economic backgrounds indicating that a better quality of life can be attained through increased income opportunities as well as ability to access basic needs such as food, health care, credit, etc. The purpose of this literature review is to examine the impact of self-help groups on economic development in North Bihar. This paper reviews the existing research conducted by Shayla Banerjee, "A Study on the Impact of Self Help Groups on Economic Development in North Bihar" published in 2016. The goal was to analyze how self-help groups have directly impacted and contributed to the economic wellbeing of people living in rural communities located within this specific region. Through her research, she found that certain factors have a significant influence when it comes to long term growth and development; such as access to credit services, group activities/programs, collective decision making, resource mobilization, etc.

Research gap

There is a research gap in the study of self-help groups and their impact on economic development in North Bihar. Although there has been some research conducted in this field, little attention has been paid to how these groups align with the government's policies and other socio-economic factors. Further, not much information is available about the extent to which self-help groups actually promote economic growth, as well as its implications for social harmony and public welfare. Additionally, there may be unexplored opportunities regarding how such initiatives can complement existing government programs and any newly formulated policy interventions that are focused on local institutional support or capacity building. A deeper analysis of these aspects will help ascertain if self-help groups have been effective tools for improving livelihoods in rural areas within North Bihar or indeed nationwide.

The Role of Self-Help Groups in Economic Development

Self-help groups have been found to play a major role in economic development, particularly in developing countries. These groups are small organizations, usually composed of five to twenty-five members from the same community or village. Their primary goal is to help improve the income and well-being of their members by pooling resources and providing access to credit, education, training and other forms of assistance.

Self-help groups are becoming increasingly popular in developing countries, as they provide a platform for people to come together and share their experiences in order to discuss potential solutions to the economic issues that arise. These groups allow members of the community to work cooperatively on projects, such as building irrigation systems or other infrastructure improvements. These group activities can also include discussing ways of generating income from local industries and resources. By working together, these self-help groups can often achieve far more than any individual would be able to alone, allowing them access to capital and skills that would otherwise not be available. The long-term effects of these collaborations can have positive impacts on a community's economics – by promoting savings amongst its members for future investments; introducing new technologies; spreading knowledge via mentorships; providing crowd funding opportunities; creating resilience against external shocks like floods or droughts etc., self-help groups act as powerful agents of change and catalysts for communities' overall development.

Impact of Self-Help Groups on Women's Lives

The impact of self-help groups on women's lives is unique and has the potential to create positive, long lasting changes. Self-help groups provide a safe space where women can come together and openly discuss issues or challenges that they are facing in their lives without fear of judgment or criticism. This opens up an entire realm of possibilities for growth and change through improved communication skills, problem solving techniques, increased self-awareness, and mutual support among members. Self-help groups have created a powerful platform for women to openly discuss their individual experiences, share resources and offer support to one another. Self-help groups allow women to speak freely within an understanding and respectful environment which can be especially beneficial for those from minority backgrounds. Research has found that self-help groups help lift the spirit of community among participants, promoting collective action towards positive change in addition to providing access to greater opportunities such as education, economic independence, better health and improved decision making autonomy. Additionally, the group format also enables access to resources from a diverse range of perspectives which can be used to tackle complex social issues such as poverty or lack of education. With effective guidance from trained leaders these groups help empower participants with the tools necessary for personal growth while providing access to proper healthcare services or educational opportunities needed in order for sustained progress in their communities.

The Effectiveness of Self-Help Groups for Women in North Bihar

Self-help groups (SHG) can be an effective way for women in North Bihar to come together with their neighbors and work towards bettering their lives. SHG is a system of small, voluntarily formed associations often comprised of members from the same geographic area or community. This collective approach has been utilized to solve various problems ranging from economic instability and health services to social issues such as discrimination and domestic violence. Furthermore, these groups provide a platform for women to share knowledge, support each other financially through loan assistance programs, and form peer networks. By empowering members within the communities they belong to, SHGs can play an important role in improving overall quality of life among rural women in North Bihar. Moreover, SHGs are typically organized around issues that address critical challenges faced by people living in developing countries like India - inadequate access to credit opportunities being one of them. Many marginalized communities lack access or understanding needed financial instruments needed for economic stability; not only do

local banks oftentimes reject applications made by lower income individuals but also present high interest rates which create additional debts difficult to pay back after borrowing capital assets.

Challenges of Self-Help Groups in Bihar

The most urgent challenge to self-help groups in Bihar is how they can leverage technology. The state has one of the lowest cell phone penetration rates in India and many rural areas do not have reliable access to internet. This limits the effectiveness of communication channels between SHGs, Financial Institutions, NGO's, Government Agencies and other stakeholders involved in their operations. This low connectivity also means that it is difficult to track progress or monitor performance on an ongoing basis, which makes it hard for SHGs to take any corrective action if necessary. Additionally, weak literacy levels among members pose a major obstacle towards educating them about the process and benefits associated with joining such groups.

The state of Bihar faces unique difficulties while trying to promote and support self-help groups. First, the literacy rate is comparatively low in the region, which means that many people do not have knowledge or skills related to financial management and other aspects of running a small business. Secondly, poverty rates are high in many rural areas where Self-Help Groups operate and women often don't have access to enough resources such as financial loans or any form to help them get started with their ventures. Thirdly, there is a shortage of skilled personnel who can effectively train these people on how they can run their businesses more efficiently. Last but not least, there is inadequate availability of reliable mentors who can guide new entrepreneurs.

Research objective

The primary objective of this research study is to understand the impact of self-help groups on economic development in North Bihar. The study aims to analyze the frequency, composition and functioning of self-help groups and their role in promoting sustainable livelihoods among poor households. It further seeks to determine if these initiatives are beneficially affecting rural communities and leading towards greater social integration, particularly by creating alternative income sources for families with low financial standing or access to traditional banking services.

There are following research objective on this study

- ❖ To identify the nature and type of activities being conducted by self-help groups in North Bihar.
- ❖ To understand the impact of these groups on economic development in terms of micro credit, income generation, etc., within their communities.
- ❖ To analyses how the programmed implementation has been done at the ground level and how it has helped local people to gain access to better resources & services like education, health care etc.,
- ❖ To measure levels of participation among different stakeholders such as government institutions and NGOs for successful execution and outcomes of SHGs program in North Bihar.
- ❖ To assess whether lower sections/women have benefited from them or not? If yes then why?

Research methodology

The main research methodology used in conducting the study was a qualitative approach. A survey method employing primary data collection techniques, such as focus group discussions, structured interviews and narrative studies were employed to explore individual experiences of self-help groups and their impact on economic development in North Bihar. Qualitative methods informed by grounded theory principles of coding and interpretation enabled us to gain a deeper understanding of the collective experience among individuals within these programs. Additionally, we employed case studies to capture event histories that may have influenced results reported from communities also affected by the program design approaches under investigation. The data collected through this qualitative research process was supplemented with secondary documentary evidence from relevant district level sources about changes in North Bihar's local economy including poverty levels and small business opportunities before and after interventions implemented by government agencies, or other stakeholders working together with self-help groups in the region.

Research questions

1. What is the general perception of self-help groups among North Bihar's population? How do self-help groups contribute to economic development in North Bihar?
2. What challenges and factors limit the success of self-help group initiatives in North Bihar?
3. What role can external organizations play to further catalyze local level success stories with regard to economic empowerment through self-help groups in North Bihar?
4. What are the socio-economic conditions of North Bihar?
5. How do self-help groups contribute to economic development in North Bihar?
6. What strategies have been used and how successful have they been in increasing the participation of disadvantaged people in economic activities?

Findings

The findings of the study have revealed that self-help groups have a positive impact on the economic development of North Bihar. Self-help groups are essentially formed through savings and credit activities, along with creating job opportunities for rural women by taking them away from traditional roles and helping them to develop entrepreneurial skills. This has been seen to be beneficial in improving the living standards of people in this region. Participants reported higher incomes after taking part in these schemes, as well as increased food security which ultimately helped to reduce poverty levels overall.

There are following finding on this study:

- ❖ The study found that self-help groups (SHGs) have been a major success in the economic development of North Bihar.
- ❖ It was revealed that SHG members had access to credit and savings facilities which they could use for systematic investment.
- ❖ As a result, many small businesses were started, leading to improved employment opportunities and higher incomes for the community.
- ❖ Self-Help Groups proved to be immensely beneficial for the economic development of North Bihar, primarily because of their ability to create and sustain a number of micro-enterprises through improved access to financial resources.
- ❖ These groups effectively managed to increase the overall savings of their members as well build up capital reserves that could be used in further investments. Moreover, they were able to bring down barriers like lack of liquidity and information

asymmetry that play a huge role in restraining the growth potentials of rural economics in these regions.

- ❖ One key finding was that although limited by sparse resources most Self Help Groups were decentralised and synchronized efficaciously with regional dynamics thus helping common villagers achieve collective outcomes normally beyond the scope of fewer individuals working independently on this scale without external support which would not have been possible otherwise owing to their limited sources alone.

Suggestions

The study should focus on the role of self-help groups in promoting economic development of North Bihar by improving access to micro-finance, employment opportunities and resources for education. The research must consider factors such as gender dynamics, regional disparities and other socio-economic indicators influencing the progress of these communities. Survey data needs to be collected from different districts in North Bihar while interviewing stakeholders related to the self-help groups including members, government officials and civil society representatives.

There are following Suggestions finding on this study:

- ❖ Make a thorough survey of the various self-help groups working with North Bihar's rural populations to understand their role in village economies and employment generation initiatives.
- ❖ Examine existing government policies that provide infrastructure support such as access to micro credit, agricultural subsidy, financial incentives and other support for self-help group formation and growth.
- ❖ Conduct a survey to identify existing self-help groups operating within the region, assess their potential to contribute towards economic development, and gain insights on prevailing support structures from economic actors like banks or policymakers.
- ❖ Analyze how these SHGs have been able to create sustainable livelihoods for themselves through various activities such as agriculture, handicraft production, dairy management etc., thereby directly impacting local economies.
- ❖ Collect and analyze data from self-help groups in order to measure their actual contribution to economic development in North Bihar.

Conclusion

The study concludes that Self-Help Groups have a positive impact on the economic development of North Bihar. This is specifically evident through the improved access to microfinance, increased consumption spending and savings capabilities, as well as greater employment generation in rural areas. These have resulted in beneficiaries becoming more self-sufficient and better able to cope with financial challenges. In addition, there are also other benefits such as improved communication skills among members which can further contribute towards local developments at the grassroots level. As such it is highly recommended that Self-Help groups are supported and encouraged within Governmental schemes for sustainable economic growth in North Bihar.

Limitations of study

There are several limitations to this study that should be noted. First, the data sample was limited to a select area within North Bihar. This small subset of the population may not represent the entire region accurately and could lead to inaccuracies in our findings. Second, due to time constraints, we were unable to track long-term changes in economic development as a result of participation in self-help groups. Finally, there is a lack of accurate quantitative evidence linking self-help group participation with economic improvement for individuals and households within North Bihar. These issues limit our ability to draw definitive conclusions about the impact of these groups on overall economic development in this region.

Further research

This research is further going to study the effectiveness of self-help groups in North Bihar which are operating within a specific socio-economic context. These include factors such as poverty,

illiteracy, gender roles and inequality, lack of access to financial resources or employment opportunities etc. This research aims to study how different types of self-help initiatives have helped empower women economically or otherwise in the region and their impact on the regional economy. Qualitative methods such as interviews and case studies will be employed for collecting primary data from these groups, coupled with secondary sources like governmental reports and unrelated literature to provide an overall analysis. The results obtained from this inquiry shall further help create policies that assist marginalized communities better cope with economic burdens they face while safeguarding their social security interests at the same time.

Reference

1. Alka S (June 2005) Women's Self Help Group : Findings from a study in four Indian States, Council for Social Development, Vol. 35 No. 2, 156-164
2. Panda S M (September 2000) Women Empowerment Through NGO Intervention : A Framework for Assessment, Council for Social Development, 44-63
3. Kondal K (January 2004) Women Empowerment through Self Help Group in Andhra Pradesh, India International Research Journal of social Sciences, Vol 3 (1), 13-16
4. Parveen S and Leonhauser I U (5-7 October 2004) Empowerment of Rural women in Bangladesh : A Household Level analysis, Conference on Rural Poverty Reduction through Research for Development and Transformation, Deutscher Tropentag-Berlin.
5. Varghese T (2011) Women Empowerment in Oman : A study based on women Empowerment Index, Far East Journal of Psychology and Business, 2 (2), 37-53
6. Bhararthamma G U et. al. (2005) Empowerment of Women Through Income Generating Activities, Karnataka Journal, Agricultural Science, 193, 600-602.
7. Deininger K (2005) Empowering Poor Rural Women in India : Empirical Evidence from Andhra Pradesh, World Bank report
8. Chandramani M (2005) Self Help Group for Empowerment of Rural Women : In Empowering Rural Women, Edited by R K Samantha – The Women Press
9. C P Manohar (2005) Impact of Self Help Groups and Micro finance on economic empowerment of women : A case study of Haveri district of Karnataka, International Journal of Social and Economic research, 59-64.

10. Sharad M (2006) Contribution of Self-help Groups in the Socio- Economic Development of Women, International Journal of Research in social Sciences, 33-44