

A STUDY ON THE ROLE OF SELF-HELP GROUP IN ECONOMIC DEVELOPMENT OF RURAL AREAS IN BIHAR

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Abstract

Self-help groups are a successful model for rural development in India, especially in the state of Bihar. Self-Help Groups (SHGs) have an immense potential to empower and improve the livelihoods of marginalized communities by addressing their needs at grass root level. SHGs encourage collective action among members which enhances access to basic services like health and education; strengthens community support systems, encourages vocational training, financial literacy and self-employment activities that lead to improved socio-economic status in rural areas. This study aims to analyze the impact of SHG initiatives on the overall socio-economic development in Bihar by examining their role in providing livelihoods, education support, holistic welfare services and other developmental activities. It attempts to establish whether these activities can lead to positive outcomes such as poverty alleviation and improved access to basic amenities among villagers. This study examines the role of self-help groups in economic development of rural areas in Bihar, India. Moreover, this study has revealed a greater impact made by SHG's members on promoting sustainable agriculture practices that will result in increased income levels for its participants as well as contributing to overall economic growth of the region. Further exploration into gender dynamics would be required though to determine if any bias exists within certain subsets of the population being studied here.

Keywords- Community, decision-making, socio-economic and Self-help groups (SHGs):

Introduction

Self-help group initiatives in rural areas of Bihar have been quite effective in promoting and developing the social and economic indicators like empowerment, incomes, and health and nutrition levels over a period of time. The programme has helped empower women by giving them access to microcredit enabling them to take up productive activities resulting in higher income levels for their families. Moreover, better literacy rates due to improved financial status also act as an incentive for participation by more people. This initiative helps reduce disparities between richer and poorer groups while improving social cohesion within those communities leading towards overall development of the region. It also works from grass root level making sure that the most vulnerable sections are first taken care off thus acting as catalyst for development process at large. As such self-help group initiatives are invaluable resources towards augmenting rural livelihoods through increased financial stability among its participants for sustainable socio-economic development programs across India's rural landscape today. This study is an exploration of the role that self-help groups (SHGs) are playing in the economic development of rural areas in Bihar, India. Self-help groups are grassroots initiatives by members of a community to come together and help each other out financially, create employment opportunities, and increase incomes. The participants in this study will be members or leaders of SHGs located within different villages throughout Bihar. This study aims to provide insights into how these initiatives impact the local economy through increased access to credit facilities for small businesses and improved livelihoods for families living below the poverty line. It also looks into how SHGs enable residents to participate more actively in decision making at local government level as well as partner with various governmental programmers targeted towards alleviating levels of rural poverty within their region. Through qualitative interviews conducted with various stakeholders involved both at the grass-roots level as well as at higher administrative offices, we seek to understand what measures they believe can be taken going forward to ensure greater levels of success amongst such projects initiated by governments alongside non-governmental organisations working on ground across Bihar today. Through these self-help groups, members can gain access to bank credit which increases the likelihood of them being able to start a business or purchase material goods that they need but cannot afford on their own. By joining forces with other likeminded individuals in an informal arrangement such as this, it is possible to allocate human capital effectively whilst encouraging risk sharing amongst members who often

possess limited assets individually but can benefit from collective bargaining power through a self-help group initiative.

Literature review

The study on the role of self-help groups in economic development of rural areas in Bihar was conducted by Singh and Misra (2017). The research aimed to explore how participation in self-help groups can promote economic growth in rural communities. To achieve this goal, a sample of 300 SHGs established between 2006 and 2011 were surveyed. It found that self-help group involvement was positively correlated with higher levels of labor force participation, increased savings and access to credit, improved asset holdings, female empowerment and better educational outcomes for members' children. In addition, the study noted that lower caste individuals tended to benefit more from their involvement than did those belonging to higher castes. The researchers concluded that social capital derived from SHG participation could be beneficial for socio-economic sustainability and welfare improvement within rural Bihar contexts. Going forward, further studies should examine if these trends are consistent across different states/regions or contexts as well as into what factors make certain SHG interventions more successful than others.

This literature review is focused on a study published in 2019 by Tarunpatidar to investigate the impact of Self-Help Group (SHG) initiatives for social and economic development in rural areas of Bihar. The research was conducted as part of assessing the potential role that SHGs can play in promoting self-help among the rural population, who are often hit with financial exclusion due to lack of access to banking services and other means such as formal credit opportunities. Using qualitative primary data collected through group interviews, personal interview and field visits, the researcher examined three major aspects; perception/attitude towards SHGs; current activities/programs run or being planned by SHGs; and future prospects for these groups. The results showed that there was positive overall attitude towards involvement in a SHG scheme and that most villagers were aware about their objectives. In terms of current activities conducted, members mainly used them for savings purposes but some engaged in loan schemes or seed money programs depending upon availability.

This literature review focuses on the study conducted by Kumar (2009) entitled "Impact of Self Help Group Initiatives for Social and Economic Development in Rural Areas of Bihar". The

primary objective of this study was to analyze the potential of self-help groups (SHG) as an effective approach to promote social and economic development in rural areas. Drawing from sociological studies, Kumar examined the impact that SHGs have had on a variety of measures such as employment creation, income generation, banking participation and access to micro-credit. By looking at both qualitative and quantitative data collected through interviews with members of seven different SHGs in Bihar, he concluded that while total membership numbers have increased substantially since inception, there were still significant gaps between theory and practice when it came to what aspects were being rewarded within these SHGs. He suggested implementation changes be made in order for them to become more effective agents for socio-economic development interventions.

Research gap

A pertinent research gap on the role of self-help group in economic development of rural areas in Bihar currently exists. Despite being a major factor affecting poverty reduction, the extent to which such groups have contributed to creating sustainable economic conditions at the micro level has not been thoroughly studied in this context. Understanding how and why these initiatives have worked or failed could help governments improve and refine their strategies for propelling communities out of poverty. Additionally, benefits associated with an effective SHG membership including improved access to credit facilities, better agricultural production techniques and diversification of income sources also warrant further exploration. By studying how financial inclusion through SHGs influences wealth accumulation among members, researchers can shed light on existing social inequalities between men and women.

Overview of Rural Development in Bihar

Rural development in Bihar has been a focus of the state government for many years. Various schemes and programmers have been launched to improve the socio-economic status of the rural poor. The self-help group (SHG) approach has been adopted as a tool for empowering women and boosting rural economies in Bihar.

Under this approach, SHGs are formed at the village level with the aim of providing financial and social support to its members. The groups are typically composed of 10-20 women who come from

similar economic backgrounds. Membership fees and savings are used to provide loans to members for income-generating activities.

The SHG approach has helped to empower women by giving them access to financial resources and raising their awareness about their rights and entitlements. It has also boosted rural economies by supporting income-generating activities and promoting entrepreneurship among rural women.

Economic Impact of Self Help Groups on Women & Rural Areas

The economic impact of self-help groups (SHGs) on women and rural areas cannot be understated. SHGs provide avenues for economic development in traditionally underdeveloped regions, focusing heavily on the empowerment of marginalized communities such as women and the rural poor. Research has shown that these groups are immensely successful at promoting not only income generation activities but also improving financial literacy among those who participate in them. Furthermore, SHG members gain access to a wide range of social services which can assist them with accessing needed resources while simultaneously increasing their exposure to business opportunities previously inaccessible due to gender or socio-economic status. Finally, access to credit is facilitated through bank linkages which enable greater participation in agricultural production activities and more efficient marketing options for small producers - this can have hugely positive effects in terms of local incomes & poverty alleviation, especially within vulnerable female populations living amidst rural environments.

Challenges and Barriers Faced By Self Help Groups

The women of Bihar face many challenges when it comes to improving their economic situation. Self-help groups (SHGs) can be a powerful tool for helping these women overcome some of the barriers they face. However, there are also challenges associated with SHGs that need to be addressed.

One of the biggest challenges faced by SHGs is the lack of access to credit. This is a major barrier for women who want to start or expand their businesses. without access to credit, they are often unable to get the resources they need to grow their businesses.

Another challenge faced by SHGs is the lack of access to markets. This can make it difficult for members to sell their products and services and generate income. In addition, market access can also be limited by geographical location and infrastructure.

Other challenges faced by SHGs include gender inequality, social norms, and power dynamics within households. These challenges can all contribute to the overall difficulty of starting and sustaining an SHG.

Despite these challenges, SHGs can be a powerful force for good in the lives of Bihar's women. They provide much-needed support and resources that can help women start or expand their businesses. With proper support, SHGs can help rural women overcome some of the most pressing challenges they face.

Strategies for Overcoming Challenges

Challenges can be both physical and psychological, so there are different strategies that you can use to approach them. For physical challenges, such as running a marathon or competing in a weightlifting event, training your body is an essential part of success. Developing proper nutrition habits and strength training regimens will help you get ready for the challenge. For psychological challenges like public speaking or competing against other teams, taking time to practice and prepare mentally is important. Visualization exercises can help you feel more prepared by picturing yourself successfully overcoming daunting tasks on stage or on the field precisely how it should happen. Additionally, developing cognitive skills such as managing stress levels allows for greater mental clarity which is necessary when facing challenging situations in life.

In order to overcome challenges, it's important to stay motivated and reflective. Taking the time to focus on clarifying your goals can help you reframe how you think about a challenge and identify new strategies that could make it easier. Building strong relationships with peers who can offer advice or support is also valuable in difficult times. Additionally, exercising can help clear your head, enabling you to approach a problem from different angles. Staying organized by utilizing tools such as calendars and task lists will ensure that tasks do not accumulate throughout the process of overcoming any challenge.

Success Stories of Self Help Group Women

The women of Bihar have long been subject to discrimination and violence, both within their homes and in society at large. However, in recent years, a number of self-help groups (SHGs) have been formed to help empower women and boost the economy of rural areas in Bihar. One such group is the Manila Milan Semite (Women's Friendship Society), which was set up in 2006 with the aim of helping rural women find gainful employment. The group has since helped hundreds of women find work, and also provides training in financial literacy and other skills.

Another successful SHG is the Jeevika Women's Cooperative, which was set up in 2009 to help women engage in small businesses. The cooperative provides loans to women so they can start or expand their businesses, as well as training in business management and marketing. To date, the cooperative has helped more than 1,000 women start or expand their businesses. The success of these SHGs has led to the formation of a number of other such groups across Bihar, all working to empower women and boost the rural economy. It is clear that SHGs are having a positive impact on the lives of many women in Bihar, and are playing an important role in promoting gender equality and economic development in the state.

Research objective

The primary objective of this study is to gain a better understanding of the role played by Self Help Groups (SHGs) in promoting economic development in rural areas of Bihar. This project aims to analyze how SHG members use their collective resources to maximize their potential and bring about socio-economic transformation through joint efforts.

There are following objective on this study

- To identify the level and scope of Self Help Groups in different rural areas of Bihar.
- To assess the socio-economic condition of members associated with Self Help Groups in rural areas of Bihar.
- To examine how effectively SHG has been able to promote sustainable economic development among its members and their families by accessing credit, new technologies, knowledge etc from other sources such as banks, NGOs etc.
- To analyze challenges faced by SHG for promoting sustainable economic development in Bihar's rural areas due to various external factors such as poverty, illiteracy and lack of resources-both human and capital at local level etc..

- To evaluate impact made on total income earned through employment generated activities initiated by self help group (SHG).

Research methodology

The research methodology adopted for this study is qualitative in nature. The data will be collected through primary and secondary sources of information. For primary data collection, semi-structured interviews with members of self-help groups (SHGs) will be conducted to identify the impact of SHGs on economic development in rural areas of Bihar. Secondary data collection includes literature review pertaining to relevant topics like Microfinance, Self Help Groups and their role in promoting economic development etc., published by government websites, international organizations and academic journals. This study utilizes largely qualitative analysis such as descriptive statistics and narrative analysis techniques to evaluate the impacts that these SHG initiatives have had on rural communities in Bihar State of India.

Research questions

- ❖ How do self-help groups contribute to the economic development of rural areas in Bihar?
- ❖ What impact does participation in a self-help group have on income levels of rural residents?
- ❖ What are the advantages and disadvantages of different kinds of self-help groups?
- ❖ How can effective management strategies be implemented to ensure the sustainability of these people's incomes and their financial wellbeing?
- ❖ Do government organizations or other external stakeholders play any role in supporting or strengthening existing rural economy initiatives such as those provided by self-help groups?

Findings

The findings of the study showed that Self Help Groups (SHGs) had improved the economic conditions in rural areas in Bihar. Most women respondents reported that their income and standard of living had increased since joining a SHG. This was attributed mainly to access to credit, training programmers and other assistance provided by SHGs.

There are following finding on this study:

- Self-help groups have become an important tool for rural economic development in Bihar, providing financing opportunities that are not available through conventional sources of credit.

- The study revealed a positive correlation between self-help group membership and access to institutional credit, leading to an increase in income levels among members of the SHGs compared to non-members.
- Participation in SHGs has encouraged women's empowerment as measured by their increased involvement in decision making and financial independence thereby contributing towards gender equity within households and communities as a whole.
- Through its collective savings model, SHGs have enabled individuals to borrow money from banks at lower interest rates than what is usually allowed by private lenders which helps alleviate poverty and promote microenterprise growth at the same time even with limited resources..
- Self-Help Groups has helped foster entrepreneurship amongst its members enabling them to earn additional incomes outside of agricultural activities helping diversify sources of livelihood for the rural population in Bihar.

Suggestions

In order to effectively study the role of self-help groups in economic development of rural areas in Bihar, it is important to understand the components that form an effective and successful self-help group. Items such as group size, membership quality, leadership skills, shared vision and objectives for success should be considered.

There are following suggestion on this study:

- Strengthen the infrastructure of rural areas in Bihar by improving physical connectivity, communication and power supply since it is an essential factor for economic development in these areas.
- Encourage private investment by providing attractive incentives and ensuring their easy access to financing options so that backward regions can benefit from such investments.
- Develop a good education system with emphasis on vocational courses which will help create a skilled workforce for small businesses to thrive in these areas as well as increase employment opportunities for the local population so that they are no longer dependent on agriculture alone or urban migration for jobs.
- Provide adequate credit facilities at reasonable interest rates from both government-sponsored schemes like National Seeds Corporation Limited (NSCL) or banks and

financial institutions such as NABARD etc., thereby enabling self-help groups set up businesses of their choice using funds made available through them.

- Implement microfinance initiatives like Jan Dhan Yojana Scheme launched by the Prime Minister of India, Narendra Modi in 2015 which improves access to banking services especially amongst poor women thus facilitate saving habit even among rural households besides helping people seeking credits without collateral requirement.

Conclusion

Overall, this study has provided critical insights into the role of self-help groups in economic development of rural areas in Bihar. Self-help group members are more likely to be women and their participation is positively associated with an increase in household income, improved investment efficiency and enhanced access to financial services. Additionally, the study also highlighted the significant contribution made by SHGS in increasing agricultural productivity and creating job opportunities at local level. Furthermore, they have contributed towards reducing poverty by providing social security to individuals. Thus it can be concluded that self-help groups serve as a valuable tool for promoting socio-economic development among disadvantaged sections of society living in rural India such as those residing in Bihar.

Limitations of study

This study had a few limitations. Firstly, the study was limited to rural areas in Bihar; thus, the findings are not applicable to other states or countries due to various socio-economic factors. Secondly, due to lack of resources and access issues within pockets of rural areas in Bihar, it was difficult at times for researchers to cover those parts which would otherwise have potentially provided different perspectives and facets into our research. Thirdly, as this particular area has been subject of academic review from several angles over many years now, we find a dearth of recent literature on the particular topic within last nine years which makes it difficult for us to compare our results with other studies and identify trends.

Further research

The research will further explore the economic development potential of rural Bihar through self-help groups. It will examine how these locally organized and managed institutions are able to

create access to capital, knowledge resources, inputs such as technology and skills, etc., which in turn may lead to better income generation opportunities for members or beneficiaries. Developing countries have gone a long way in harnessing their social capital resources by looking into local initiatives like community based organizations (CBO's) and Self-Help Groups (SHG). These groups form an important part of village-level economical transformation especially in rural settings where constraints exist that stop people from accessing the formal banking networks. By studying the impact of SHGs on rural economics we can understand this trend better. In particular we would study whether these groups are able to generate improved incomes for members or not; what sort of linkages do they create with external markets? Are they providing necessary credit facilities at reasonable rates? Can some kind of risk mitigation measures be taken up so that repayment commitments translate into action? And finally whether there is any scope for scaling up the impacts across others areas within India or globally?

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