

SELF-HELP GROUP- A ROAD MAP TO NATION DEVELOPMENT

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Abstract

Self-Help Groups (SHGs) have become an essential tool for socioeconomic empowerment, particularly for rural women. SHGs promote social upliftment, financial inclusion, and poverty reduction by combining resources and encouraging group action. They give members a platform to pursue business, skill development, and microfinance activities, which eventually raises their social standing and level of economic independence. Since governments and financial institutions realized how effective SHGs might be in promoting equitable growth, the movement has gathered steam on a worldwide scale. SHGs have been crucial in India in raising women's participation in decision-making, lowering reliance on unofficial lending networks, and boosting livelihoods. Notwithstanding their achievements, problems including limited market access, unstable finances, and insufficient training still exist. This paper examines their function in the advancement of the country, evaluating its effects, difficulties, and sustainability while making suggestions for improvement.

Keywords: *Self-Help Groups, Financial Inclusion, Women Empowerment, Rural Development, Social Upliftment, Poverty Reduction.*

1. Introduction

Self-Help Groups (SHGs) are informal associations of individuals who come together with a shared goal of improving their living conditions. Typically, self-governed and peer-controlled, SHGs consist of people from similar socio-economic backgrounds, often with the support of NGOs or government agencies. These groups are primarily composed of rural women who

save money and provide loans to each other. Members collectively decide on the group's savings and loan activities, including the purpose, amount, interest rate, and repayment schedule. SHGs are voluntary associations of economically disadvantaged individuals, united by the common aim of addressing their problems through self-help and community action. The concept of organizing SHGs for social mobilization was introduced in 1984, inspired by Prof. Yunus's Grameen Bank model. Initially, NABARD, in collaboration with NGOs, developed the ecosystem for SHGs, including the SHG-Bank linkage program. By 1990, the Reserve Bank of India (RBI) officially recognized SHGs as an alternative credit model, further institutionalizing their role in the financial sector.

Self-Help Groups (SHGs) have emerged as a powerful tool for socio-economic development, especially in rural and underserved communities. These groups, typically consisting of individuals from similar socio-economic backgrounds, come together voluntarily to address common issues and improve their living conditions. Through collective action, SHGs provide a platform for individuals, particularly women, to pool their resources, save money, and access affordable credit. This system not only empowers members financially but also fosters a sense of community, solidarity, and self-reliance.

In the context of nation-building, SHGs play a critical role in driving inclusive development. By empowering marginalized groups, particularly women, and offering a space for collective problem-solving, SHGs contribute to reducing poverty, promoting gender equality, and enhancing economic growth at the grassroots level. They also strengthen social cohesion, promote sustainable practices, and improve access to essential services like education and healthcare. Through initiatives like the SHG-Bank linkage program, supported by institutions such as NABARD and the RBI, SHGs have become a cornerstone for financial inclusion and community-led development.

This roadmap explores how SHGs, through their collective efforts, can contribute to nation development by fostering economic self-sufficiency, empowering communities, and creating sustainable pathways for growth. Their impact extends beyond just financial benefits, encompassing social, cultural, and environmental dimensions that are crucial for holistic national development.

REVIEW OF LITERATURE:

To provide the right direction for the study, researcher has done the following literature review related to the topic of study.

Suresh, N. V., & Rexy, V. A. M. (2024, February) stated the Mahalir Thittam program in Tamil Nadu empowers women through Self-Help Groups (SHGs), providing them with opportunities for economic independence via savings and income-generating activities. This financial autonomy improves their well-being and contributes to the growth of the local banking sector. SHGs also foster strong social networks, enabling women to share resources and knowledge, while engaging in political, social, and technological advancements. Empowering women not only strengthens families but also contributes to the overall development of more inclusive and prosperous communities. These initiatives play a crucial role in

nation-building by encouraging women's active participation in economic, social, and political life, driving sustainable development.

Karunarathne Rasika, R. A., & Praveena, D. (2024, February) discussed that Self-Help Groups (SHGs) empower women economically, socially, and politically by providing access to financial resources, skill development, and decision-making power. Studies highlight SHGs' positive impact on women's income, employment, and living standards, contributing to poverty alleviation. They also foster social cohesion and collective action, helping women advocate for their rights and drive community change. Government support and partnerships with organizations are crucial for maximizing SHG impact. However, challenges like inadequate training, limited market access, and political empowerment remain. In conclusion, SHGs are key to socio-economic development and gender equality in India, but addressing these challenges requires a holistic, collaborative approach.

Hossain, S. M., Mishra, S., & Atibudhi, H. N. (2022) stated that the study highlights the positive impact of Self-Help Groups (SHGs) in Khordha on women's well-being, providing employment, increasing income, and improving household standards, including education and savings. SHGs also empower women by enhancing their decision-making power in financial matters and increasing access to credit. However, challenges like marketing, competition, inadequate financing, and lack of training need to be addressed. To enhance SHG effectiveness, women should receive training in marketing and branding, and SHGs should get support to promote their products. A targeted strategy is needed to ensure the sustainability and growth of SHGs, ultimately furthering women's empowerment.

Basak, D., & Chowdhury, I. R. (2024). discussed that study in Cooch Behar, West Bengal, highlighted the significant role of microcredit through SHGs in

improving the socioeconomic status and awareness of rural women. A survey of 400 SHG members showed increased financial independence, social status, and better decision-making in health, education, and household management. SHGs have empowered women to contribute more to their families and communities, supporting the achievement of Sustainable Development Goals (SDGs). However, the study's limitations, including reliance on primary data and its cross-sectional design, suggest the need for future longitudinal research across regions to better understand SHGs' long-term impact.

Sultania, A. (2024). analysed that Self-help groups (SHGs) are vital for women's empowerment in rural India, with benefits often taking time to show. While immediate returns may be small, over the long term, SHGs lead to financial and social gains, such as improved education, reduced domestic violence, and better healthcare access. These changes contribute to women's independence and empowerment. The paper suggests that long-term research is needed to better understand how these benefits unfold in practice.

OBJECTIVES OF THE STUDY:

- 1) To analyse the performance and contribution regarding development of country.
- 2) To understand problems and challenges face by self-help groups.
- 3) To provide suggestions or recommendations to overcome problems and challenges.

SOURCES OF DATA COLLECTION:

The Study is based on the extensive survey and analysis of secondary data, which is collected online resources like websites, published research papers, reference books, journals and reports etc.

SCOPE AND SIGNIFICANCE OF THE STUDY:

The present research work has been taken up to understand the self-help group performance and contribution in regards to development of country. The study will give a basic understanding of problems

or challenges which are faced by self-help groups. The researcher has provided some suggestions or recommendations to overcome such challenges and betterment self-help groups betterment.

LIMITATIONS OF THE STUDY:

- 1) The study is based on data which is secondary in nature.
- 2) The study has mainly focused on overview of self-help groups in context to nation development.

CONCLUSION: Self-Help Groups (SHGs) have demonstrated their effectiveness as catalysts for economic and social transformation. They have significantly contributed to financial inclusion, women's empowerment, and the overall development of rural communities. By facilitating access to credit and encouraging entrepreneurship, SHGs have enabled members to become financially independent and self-reliant. Additionally, they have played a crucial role in fostering social cohesion, enhancing decision-making capabilities, and improving the quality of life for individuals and their families. Despite these advantages, SHGs face persistent challenges such as inadequate training, limited access to formal financial services, and difficulties in expanding their market reach. The lack of infrastructure, proper financial literacy, and institutional support often hinder their growth and sustainability. Addressing these barriers through targeted policies, enhanced financial support, and innovative solutions can further strengthen the impact of SHGs in nation-building and inclusive economic growth.

SUGGESTIONS: To enhance the impact and sustainability of SHGs, the following strategies should be implemented:

1. SHG members should be provided with training on financial management, entrepreneurship, and digital literacy. Skill

development programs can equip members with the necessary knowledge to run successful enterprises and manage their finances effectively.

2. Governments and financial institutions should introduce more accessible and flexible credit facilities for SHGs. Subsidized interest rates and grant-based funding can help these groups grow and sustain their operations.
3. To improve profitability, SHGs need better access to local, national, and international markets. Facilitating direct market linkages, organizing trade fairs, and leveraging e-commerce platforms can significantly increase their outreach and earnings.
4. Encouraging the use of digital banking, mobile payments, and online platforms for transactions and marketing can help SHGs operate more efficiently. Digital tools can also streamline record-keeping and enhance transparency.
5. Strengthening the legal and institutional framework governing SHGs can ensure their long-term success. Government policies should focus on simplifying regulatory requirements, providing legal recognition, and ensuring robust monitoring mechanisms.
6. Collaborations with private organizations, NGOs, and corporate entities can provide SHGs with mentorship, financial backing, and opportunities for skill enhancement. These partnerships can bridge gaps in market access and capacity building.
7. Conducting awareness campaigns and community outreach programs can encourage greater participation in SHGs. Promoting SHGs through media and success stories can inspire more individuals to join and benefit from collective efforts.

By implementing these strategies, SHGs can continue to play a transformative role in fostering economic resilience, reducing poverty, and empowering marginalized communities. A holistic and multi-stakeholder approach will ensure their sustainability and maximize their contribution to national development.

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