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Commerce

ROLE OF SELF-HELP GROUPS IN POVERTY ALLEVIATION AND SUSTAINABLE DEVELOPMENT IN PUNJAB

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ABSTRACT Self Help Groups (SHGs) have been found as a successful and dominant approach to achieve financial inclusion, women's empowerment, poverty eradication and sustainable rural development in the country. SHGs have proved to be vital for the scaling up of positive changes in rural Punjab, where agriculture is still the mainstay of the rural economy and social and economic inequalities are deeply embedded in society, although income levels are relatively higher. The present study investigates the role of SHGs in alleviation of poverty and sustainable development in Punjab. This paper suggests that while SHGs have an impact, it is important to strengthen policy support, increase capacity-building for SHGs and federations other sectors of the economy, digital financial inclusion, market linkages as well institutional strengthening for a larger long-term sustainable. It concludes that SHGs are an important tool to attain sustainable rural development and poverty alleviation in Punjab if existing issues with their functioning can be resolved through synergised actions of government agencies, financial institutions and community organisations.

KEYWORDS : SHGs, Punjab, Poverty Alleviation, Sustainable Development, Women's Empowerment, Financial Inclusion, Rural Development.

INTRODUCTION

In the last few decades India has shown an overall huge economic growth curve, unfortunately the benefits have not been distributed uniformly over the masses especially more particularly in rural areas. But still, a larger chunk of rural population is struggling with low income opportunities, unavailability of formal financial services, poverty levels remain to be high whereas employment opportunities are very less among educated youngsters and social exclusion. These constraints are most frequently faced by women too, following an intertwined pattern with the focussing of policy making on economically weaker sections.

Against this backdrop, Self-Help Groups have been seen as a significant community based intervention towards the rural poverty alleviation and inclusive development of poor especially women. SHGs have improved the financial status of rural household by promoting group savings, access to credit and mutual support amongst members. In addition to being an economic force, SHGs have played an important role in boosting self-esteem, improved decision-making capacities, increased social participation and access to entrepreneurial abilities or skills of women. Consequently, these groups have turned into an important tool for goals of sustainable rural development and improving the quality of life of the poor segments in rural communities.

The Self-Help Group movement in India is said to be catapulted by the introduction of SHG–Bank Linkage Programme by National Bank for Agriculture and Rural Development (NABARD) in 1992. This initiative was an important move towards providing access to the formal financial system for low income households and fostering inclusive rural development. Over the years, SHGs has become a critical policy tool to combat poverty by enabling thrift, providing access to affordable credit and promoting diverse livelihoods and income-generating activities.

The unique setting of Punjab provides an opportunity to study the role of SHGs in rural development. The Green Revolution brought bountiful agricultural growth but a lot of socio-economic issues still remained challenging for the state. The problems of rising rural indebtedness, stagnating agricultural incomes, increasing unemployment, growing income inequality and deep-rooted gender biases continue to be serious challenges. Most rural households, especially small and marginal farmers are financially insecure and do not have diverse means of livelihood. Rural women play a crucial role in household sectors as well as they contribute to agricultural operations; consequently, it is essential that attention be paid to how their contributions can be enhanced through improved access to financial resources and productive assets, along with participation in the decision-making process. SHGs function as a performance window to enhance women's participation in economic activities, create women-centred sustainable livelihoods and strengthen their financial independence at the local grassroots level.

In this socio-economic context, Self-Help Groups (SHGs) have been established as a promising vehicle for generating sustainable sources of livelihood and fostering social inclusion in rural development. In Punjab there are various SHG groups which engage in large multiplicity of economic activities such as: dairy, agro based processing, tailoring, handicraft production, food processing, bio gas generation system, mushroom cultivation crop producing organic agro products (Seed bank) small scale enterprise etc.

These activities not only result in increased household income, but also have a wider economic impact. SHGs has contributed significantly for promoting entrepreneurship, increasing financial resilience and generating employment primarily among women and economically weaker sections. SHGs also contribute towards promoting eco-friendly practices like organic farming and sustainable use of resources, which in turn helps a lot to achieve rural sustainability in the long run. Thus, the SHGs have emerged as a significant symbol for economic growth, social upliftment and environmental sustainability in rural Punjab.

OBJECTIVES OF THE STUDY

The key goals of the study include:

1. To study the concept and evolution of Self-Help Groups in India out of which Punjab is also a part of it.
2. To study the role of SHGs in poverty alleviation in Punjab.
3. To examine the role of SHGs in sustainable development.
4. To assess the impact of SHGs on women empowerment and financial inclusion.
5. To know the problems/ challenges faced in Punjab by SHGs.
6. To recommend the policy level interventions for strengthening SHGs in Punjab.

RESEARCH METHODOLOGY

The current study is descriptive, analytical, and exploratory in nature. The research attempts to examine the contribution of Self-Help Groups toward poverty alleviation and sustainable development in Punjab through conceptual interpretation and secondary data analysis. The study is entirely based on secondary data collected from reliable sources including NABARD annual reports, Ministry of Rural Development publications, Punjab State Rural Livelihood Mission reports, RBI reports on financial inclusion, Research journals, Books, dissertations, and policy papers, Government statistical publications, UNDP and World Bank reports etc.

CONCEPT AND EVOLUTION OF SELF-HELP GROUPS

Meaning of Self-Help Groups

Self-Help Group is a group of 10–20 persons (generally women) who voluntarily come together for savings, mutual assistance and economic activities. SHGs operate on principles like collective decision-making, mutual trust, democratic participation, regular savings, credit discipline and self-reliance. SHGs are basically formed to deliver financial aid and socio-economic assistance to the downtrodden classes of the society.

Evolution of SHGs in India

In India, the SHG movement began in the 1980s with assistance from NGO and developmental agencies. The big breakthrough, however, came in 1992 when NABARD initiated the SHG-Bank Linkage Programme. The program sought to link informal groups with formal banks. This was later complemented by the Government of India through the introduction of Swarnjayanti Gram Swarozgar Yojana (SGSY), National Rural Livelihood Mission (NRLM), Deendayal Antyodaya Yojana -National Rural Livelihoods Mission (DAY-NRLM). They then promoted the formation of women-beneficiary SHGs in rural India.

Growth of SHGs in Punjab

Punjab witnessed the gradual expansion of SHGs through rural development programs and NGO initiatives. SHGs became prominent particularly in districts with higher rural poverty and women unemployment. Government agencies, banks, and cooperative institutions promoted SHGs to improve financial inclusion and entrepreneurship. Major activities of SHGs in Punjab include Dairy farming, Tailoring and embroidery, Handicrafts, Pickle and papad making, Mushroom cultivation, Bee keeping, Poultry farming, Food processing & Organic farming. SHGs have increasingly contributed toward social and economic participation of rural women.

Poverty Scenario In Punjab

Punjab is generally considered one of the more prosperous states of India due to agricultural development. However, several socio-economic issues continue to affect rural populations.

Rural Poverty in Punjab

The major causes of rural poverty in Punjab include:

- Declining profitability of agriculture
- Fragmentation of land holdings
- High rural indebtedness
- Seasonal unemployment
- Dependence on agriculture
- Lack of diversification
- Limited employment opportunities for women
- Drug abuse and social issues in some regions

Marginal farmers, agricultural labourers, and women-headed households remain vulnerable to poverty.

Need for SHGs in Punjab

SHGs are necessary in Punjab because they promote alternative livelihood opportunities, reduce dependence on moneylenders, increase access to formal credit, encourage women entrepreneurship, support income diversification, strengthen social participation and improve financial literacy. Thus, SHGs act as instruments of inclusive development.

Role Of Shgs In Poverty Alleviation In Punjab

Self-Help Groups have significantly contributed to poverty reduction through financial empowerment, employment generation, social mobilization, and entrepreneurship development.

Income Generation

One of the major contributions of SHGs is enhancement of household income. Members undertake small-scale economic activities that generate regular earnings. Examples include Dairy production, Handloom and handicrafts, Food processing, Tailoring and stitching, Livestock rearing and Mushroom cultivation. These activities provide supplementary income and improve economic security.

Impact on Household Economy

SHG participation helps families to meet daily household expenses, improve nutrition levels, invest in children's education, access healthcare services and reduce dependence on informal borrowing. Thus, SHGs contribute directly toward poverty reduction.

Access to Credit and Financial Inclusion

Before joining SHGs, many rural women lacked access to formal banking systems. SHGs promote savings habits and facilitate access to institutional credit.

Benefits of SHG-Based Credit

- Low-interest loans
- Timely credit availability
- Reduced dependence on moneylenders
- Better repayment discipline
- Financial security during emergencies

The SHG-Bank Linkage Programme has played an important role in connecting rural households with banks.

Employment Generation

SHGs generate self-employment for rural communities. Women get involved in income generation as well as reducing unemployment. In Punjab, SHGs contribute to Rural entrepreneurship, Cottage industries, Agro-processing activities and Service-based enterprises. Migrant labour dependency will reduce & Enables employment generation by instilling self-reliance through SHGs, thus strengthening rural economic development.

Women Empowerment

Though there are many results of formations of SHGs, women empowerment is the one which plays vital role. It includes:

Economic Empowerment

Women should have independent sources of income, financial decision-making power and savings habits and access to credit.

Social Empowerment

SHGs help improve self-confidence and self-respect in women, taking an active part in community activities, leadership skills, and awareness about both educational and health issues.

Political Empowerment

Women engaged in SHGs are more likely to participate in elected local governance institutions (Panchayats).

Reduction in Rural Indebtedness

Around 79 percent of rural households in Punjab are saddled with loans on account of cultivational heads or socio-culturing reasons. SHGs have emerged as cheaper sources of credit and have curbed the exploitation of women by moneylenders. The collective approach of SHGs promotes responsible borrowing and repayment behaviour.

Skill Development and Entrepreneurship

SHGs often trained in financial management & marketing including

- Production techniques
- Digital literacy
- Entrepreneurship

Skill enhancement improves production and supports members in creating viable businesses.

SHGS AND SUSTAINABLE DEVELOPMENT IN PUNJAB

Sustainable development refers to development that meets present needs without compromising the ability of future generations to meet their own needs. SHGs contribute to sustainable development through economic, social, and environmental dimensions.

Economic Sustainability

SHGs promote sustainable livelihoods by:

- Encouraging small enterprises
- Diversifying income sources
- Promoting local production
- Enhancing rural employment
- Increasing savings and investments

Economic sustainability reduces vulnerability among rural households.

Social Sustainability

SHGs are a means of strengthening social cohesion and collective action. Social Contributions like reduction in gender inequality, improved literacy and education, better health awareness, increased community participation and promotion of social justice. SHGs always encourage mutual support and collective problem-solving.

Environmental Sustainability

Due to the training of seeing the wider environmental benefits, several SHGs in Punjab have adopted sustainability practices like organic farming, vermicomposting, waste management, water conservation and eco-friendly products. These methods therefore promote environmental conservation and sustainable agriculture.

7.4 Contribution toward Sustainable Development Goals (SDGs)

SHGs contribute toward achieving various United Nations Sustainable Development Goals including:

- No Poverty
- Gender Equality
- Decent Work and Economic Growth
- Reduced Inequalities
- Responsible Consumption and Production

Thus, SHGs align with global sustainable development objectives.

Impact Of Shgs On Women In Punjab

Improvement In Standard Of Living

Participation in SHGs has improved the living standards of women and their families through higher income and better financial stability.

Educational Awareness

Women associated with SHGs show greater awareness regarding children's education, female literacy, health and sanitation and nutrition. Many Self Help Group members prioritize education for girls.

Health and Sanitation Awareness

SHGs organize awareness campaigns related to maternal health, child healthcare, family planning, clean drinking water, hygiene and sanitation. This contributes toward healthier rural communities.

Increased Decision-Making Power

Women involved in SHGs, now, their participation has increased in various decisions such as household financial decisions, Agricultural decisions, Children's education choices and Community-level activities. This shows increased gender equality.

Government Initiatives Supporting Shgs In Punjab

National Rural Livelihood Mission (nrlm)

The National Rural Livelihood Mission (NRLM) which seeks to eradicate rural poverty through self employment and skill development. It encourages women SHGs and opportunities for livelihoods.

NABARD Support

NABARD provides financial assistance, capacity-building programs, SHG-bank linkage support, training and awareness programs.

Punjab State Rural Livelihood Mission (PSRLM)

Punjab Government has launched various programmes for formation of women SHGs, skill training, credit support, enterprise promotion and rural employment generation.

Cooperative and Banking Support

SHGs receive loan facilities from commercial banks, a regional rural bank and a cooperative institution.

Challenges Faced By Shgs In Punjab

SHGs are facing several challenges despite their positive contributions.

Lack of Financial Resources

Poor access to adequate credit for many of the self-help groups is because of limited collateral, poor banking outreach and delayed loan approvals.

Limited Market Access

Challenges in marketing → Since SHG products are mainly cash/small scale marketable units:

- Lack of branding
- Poor packaging
- Limited market information
- Competition from large producers

Inadequate Training

Members often lack technical skills, financial literacy, digital knowledge and business management capabilities. Which hampers the expansion of enterprises.

Social and Cultural Constraints

Societal norms limit women's mobility and engagement in economic activities.

Weak Institutional Support

Some SHGs suffer from poor leadership, irregular meetings, weak coordination, lack of monitoring and institutional weaknesses reduce effectiveness.

Technological Limitations

Reasons for which digital transformation is still limited among rural SHGs are low digital literacy, lack of internet access and inadequate technological infrastructure.

Policy Recommendations

For this purpose, following steps can be taken to make SHGs more stronger in their role for poverty alleviation and sustainable development.

Strengthening Financial Support through:

- Increase access to low-interest credit
- Simplify loan procedures
- Expand SHG-bank linkage programs
- Provide revolving funds and subsidies

Skill Development and Training

You are recruiting the following training provided by companies and NGOs:

- Entrepreneurship
- Financial literacy
- Digital marketing
- Product development
- Business management

Market Linkages

SHGs should receive support for branding and packaging, e-commerce integration, participation in trade fairs and export promotion.

Digital Inclusion

Digital platforms can help SHGs to do better online banking access, marketing opportunities, financial transactions and business communication.

Promotion of Sustainable Enterprises

SHGs who are encouraged to incorporate organic farming, eco-friendly production, renewable energy solutions and sustainable agriculture practices.

Strengthening Institutional Framework

Regular monitoring, evaluation, and leadership development programs will help ensure improved functioning of SHGs.

CONCLUSION

Self-Groups have proved themselves as an effective means of poverty eradication and sustainable development in the nay district of Punjab. SHG has enabled collectively saving, having access to credit, developing entrepreneurship and social empowerment, which significantly contributed in improving the socio-economic status of marginalised households with women being in the forefront. SHGs do not just create income, and employment opportunities but contribute to social inclusion, gender equity, and community participation. They are crucial in rural development, as their activities help increase financial literacy, lower indebtedness and contribute to sustainable livelihood practices. Despite such advantages SHGs are affected by challenges such as inadequate funds, weak market linkages, limited training and technology. To boost SHG performance, institutional support should be strengthened, digital inclusion accelerated and sustainable enterprises promoted. SHGs are a possibility for rural Punjab toward inclusive and sustainable development in changing times If policies are implemented well, and financial and capacity-building support is provided to help them grow, SHGs can prove to be an effective tool, not just for poverty alleviation but also for establishing socio-economic resilience in rural Punjab

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