

Impact Of Micro Finance Through Self Help Groups (SHGs) On Women In Himachal Pradesh: A Study Of Hamirpur District

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Abstract:

This research study explores the experience of micro finance ensuring inclusive growth via inclusive finance. For economic growth of a nation to be sustainable it requires all sections of the society included and participate in the growth process. The major objective of microfinance is to ensure, well-being and sustainable livelihood for poorest of the poor. In this context, the study evaluates the socio-economic impact of microfinance through Self-Help Groups on poor women in Himachal Pradesh. Formulation and functioning of self-help groups is one of the important mechanisms of microfinance. The impact of microfinance on financial inclusion of the poorest of the poor and thereby leading to the inclusive growth of the state has been evaluated on the basis of primary data collected from the sample self-help groups in Himachal Pradesh in general and Hamirpur district in particular. The results indicate that microfinance plays an important role in transforming the lives of members of self-help groups. But this study also discusses several challenges before ensuring greater financial inclusion through micro-finance for inclusive growth. The major challenges include productive utilization of finance and attaining financial viability. Emphasis must be given to SHGs linkage with banks, develop skills among the groups for effective use of loans and other resource. Selling of the finished products appears to be the biggest problem in the continuation of economic activities. Education and training regarding marketing and quality of finished products is very much essential for the survival of economic activities. SHGs needs market facilities and institutional capacity to handle marketing activities independently.

Keywords: *Micro finance, Inclusive Growth, Financial Inclusion, Self-Help Groups, Himachal Pradesh*

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I. Introduction

Micro finance for financial inclusion has become a buzzword in development policy, and has come to be regarded as an important and inevitable milestone in achieving economic inclusive growth. India is one of the largest and fastest growing economies of the world, in this process of economic growth, especially when it is on a high growth trajectory, must strive to encompass participation from all sections of society. Lack of access to finance for vulnerable and weaker sections of the society has been recognised as a serious threat to inclusive economic progress especially in developing countries. Several countries now look at financial inclusion as the means of more comprehensive growth, wherein each citizen of the country is able to use his/her earnings as a financial resource that he/she can put to work to improve their future financial status, adding to the nation's progress (Puhazhendhi,2012).

Financial inclusion refers to efforts to make financial products and services accessible and affordable to all individual and businesses (Investopedia, 2022). It enables empowerment of the underprivileged and poor including women, with the mission of making them self-sufficient and well informed to take better financial decisions (Singh et. al., 2015). Hence, the tasks of micro-finance are the promotion of greater financial inclusion and, in the process, improve the social and economic welfare of the poor for inclusive growth of the country.

Microfinance generally refers to the entire gamut of financial services, such as micro credit, micro-insurance, savings and deposits offered in small quantities to those at the bottom of the pyramid (Sarkar,2001). Inclusive Growth means providing equitable opportunities to all in accessing resources such that it benefits the society at large. So, microfinance and inclusive growth should ideally ensure the economic and financial progress by bridging the gap between the formal financial institutions and the rural poor sections of the society resulting in balanced, democratically sustainable and optimal growth (Hamsa, 2019). The concept of micro-

finance was formally pioneered by Mohammad Yunus in the form of Grameen Bank, in 1976. Later on, the National Bank for Agriculture and Rural Development (NABARD) adopted this concept in India. An innovative scheme in rural delivery system launched by NABARD is the linking of self-help groups (SHGs) of the poor with bank and bulk lending through NGOs. NABARD provide policy guidelines technical and promotional support mainly for capacity building of NGOs and SHGs, the exposure training to banks/NGOs having potential and in promoting SHGs (Christabell, 2009).

Concept of Self-Help Group (SHG)

An SHG is a socially and economically homogenous group of up to 20 persons, formed voluntarily for the collective purpose of savings and credit, with no insistence on collateral for loans and end usage of credit (NABARD,2022). Self-Help Groups are necessary to overcome exploitation, create confidence for the economic self-reliance of rural poor, particularly among women who are mostly invisible in social structure (Singh, 2003)

Self Help Groups are formed with the following objectives:

- (a) Improve discipline among members in developing saving habits;
- (b) Saving enhance self-confidence of the individual as it is a sign of group encouragement;
- (c) Income generation and gradually become self-reliant;
- (d) Development of leadership quality to realize their potentiality and self-belief;
- (e) Training of members in use of extension services and government support;
- (f) Building common infrastructure for the benefit of the members (Das, 2003).

In one line, Self-Help Group (SHG) Can be stated as *a plan by the people, of the people and for the people* reflecting the real people participation in the process of economic growth at micro level. The SHG movement thus added a significant dimension to Micro-financing in the country (Khare, 2009).

Micro Finance and Self-Help Groups – Bank Linkage Programme (SHGs-BLP) in India

In recent years microfinance become an important intervention as a tool for rural economic growth and poverty alleviation. In India, a number of microfinance institutions including NGOs, NBFIs, and Government agencies has intensively intervened. Innovation of group based on microfinance especially Self-Help Groups (SHGs), Grameen Joint Liability Groups (JLGs), Mutually Aided Cooperative Societies (MACS) etc. probably led to speed up of the microfinance programme in India. The Giant Step of NABARD of SHGs – Bank Linkage Programme is really praiseworthy which latter considered as one of the biggest micro finance interventions in the world (Balamurugan and Selvaraj, 2014).

Self Help Groups (SHGs) first emerged in Mysore Resettlement and Developments Agency's (MYRADA) project in 1985. SHG – Bank Linkage Programme was initiated in 1992 by the NABARD. From the time that the first SHG emerged in 1985 to the inclusion of SHG strategy in the annual plan for 2000-01, several important steps were taken by NABARD, RBI, as well as by Multilateral agencies (Aloysius P. Fernandez, 2006).

Micro-finance initiatives through SHG-Bank linkage programme have passed through various phases since 1992. The SHG movement, now in its 30th year, has emerged as a powerful intervention to cover the small and marginalized sections. From 255 SHGs & bank credit of R29 lakh in 1992 to 67.40 lakh SHGs & bank credit of R1.51 lakh crore in 2022. The SHG - BLP had a total membership of about 119 lakh SHGs covering 14.2 crore households across India on March,2022. With active collaboration of NGOs, banks, the Government and of late, the NRLM, the SHG-BLP programme, as on 31 March 2022, covers 14.2 crore families through 119 lakh SHGs (87% of which are women) with savings deposits of Rs 47,240.48 crore (NABARD, 2022).

Micro-Financing and Growth of Self-Help Groups in Himachal Pradesh

The Self-Help Group (SHG) movement has spread across the Himachal Pradesh and is now on a firm base. As of 31st March 2021, the cumulative number of credits linked SHGs stood at 60,293 and the number of credits linked SHGs with loans outstanding was 13,367 with an amount of ₹14,508.14 lakh. Further, NABARD facilitates short duration skill development training for SHGs members having availed credit facility from the bank. During 2020-21 and 2021-22, 39 Micro Entrepreneurship Development Programme (MEDPs) have been sanctioned and 1170 SHG members were trained individually or in group mode. In another Livelihood Enterprise Development Programme (LEDP) 1,470 SHG members were trained during the year 2021-22 as on December,2021 (Economic Survey, 2021-2022).

The Swarnjayanti Gram Swarozgar Yojana (SGSY) has been replaced by the DAY-NRLM w.e.f 01-04-2013 in the State. which aims to reduce poverty by enabling the poor households to access gainful self-employment and skilled wage employment opportunities for sustainable livelihoods. NRLM is being

implemented across the State in 86 blocks. Under the NRLM Programme, women SHGs have been provided with financial assistance in the form of Start-up Fund, Revolving Fund (RF) and Community Investment Fund (CIF). SHGs are provided with Revolving Fund amounting to 15 thousand, if the group regularly holds meetings, keeps records of savings, inter-person loans and repayments. HPSRLM has disbursed RF amounting to 32.10 crore to more than 17,939 SHGs. As a result, the SHGs are now actively participating in the income generation activities and initiating their own start-up to improve their livelihoods and social status. HPSRLM has started disbursing Start-up Funds from 2018-19 and as of December, 2021, 4.40 crore has been disbursed to 17,784 SHGs (Economic Survey, 2021-2022).

**Table 1.1: Targets and Achievements during year 2021-22 under NRLM
(Up to December, 2021)**

Name of District	SHG Formation Target	Achievement	SHGs Credit Linkage with Banks (in Lakh)	Achievement of Credit (In lakh)
Bilaspur	403	122	510	224.88
Chamba	733	260	1100	227.20
Hamirpur	623	300	830	247.13
Kangra	1577	1074	2200	1751.59
Kinnaur	293	64	220	43.69
Kullu	513	332	410	214.92
Lahaul & Spiti	74	07	170	0.00
Mandi	1137	889	1760	1590.83
Shimla	1137	586	1600	843.53
Sirmaur	623	742	680	229.08
Solan	477	163	690	235.56
Una	477	239	830	654.97
Himachal Pradesh	8067	4778	11000	6263.38

Source: Economic Survey of Himachal Pradesh-2021-22.

II. Literature Review

In this section, an attempt has been made to review the studies pertaining to social-economic impact of micro finance and studies pertaining to challenges and suggestions. Devi, Prabakar and Ponnarasi (2011) and found that finance is one of the most crucial inputs for inclusive economic growth and development. The central government regards Self-Help Groups as the platform for any micro-finance and as the appropriate conduit for financial assistance to group members. The participation of women in SHGs made a significant impact on their empowerment both in social and economic. Awasthi et al. (2001), Singh (2001), Puhazhendhi (2012) found a significant change in the overall socio-economic status of the members in terms of increase in income, creating leadership, improvement in literacy level, improvement in housing facilities, consciousness about health and hygiene and skill formation among the group members and increased level of food security. Dhir (2012) in his study analysed that it is through SHGs that the women get an exposure to outside world. The resources and organisations which were unseen earlier become accessible. Laha and Kuri (2014) noticed that in India, the states having higher level of microfinance outreach are also the states with a relatively high level of women empowerment. Ahmad (2017) also noticed and analysed that that microcredit has effectively graduated from an “experiment” to a widely-accepted paradigm of rural and developmental financing in India. Ahmad and Chaudhary (2021) in their study revealed that, microfinance has positive impact on income, health and education of children. While as there was no significant impact on women empowerment, job creation, and housing of borrower. Patel and Patel (2021) found that after joining the SHGs, the women were empowered significantly from the economic perspective; they were somewhat empowered from the social perspective because on some of the criteria, the women were already empowered before joining the SHGs; and the women were not empowered much on the political grounds after joining the SHGs. However, overall, the women were empowered after joining the SHGs.

III. Objectives Of The Study

The present study was undertaken to achieve some objectives. These were as follows:

1. to analyze the socio-economic impact of micro-finance on the members of sample Self-Help Groups (SHGs).
2. to assess the contribution of micro-finance to the well of the poorest of the poor and thereby leading to the inclusive growth of the state.
3. to suggest some policy measures for the growth of Self-Help Groups (SHGs).

IV. Methodology

- The impact of microfinance on the poorest of the poor and thereby leading to the inclusive growth of the state has been evaluated on the basis of primary data collected from the sample self-help groups in Himachal Pradesh in general and Hamirpur district in particular.
- A total number of 30 self-help groups from six (6) gram panchayats (i.e., five from each gram panchayat) of district Hamirpur were selected purposively. These self-help groups had 268 members who were selected as the respondent for the purpose of obtaining information and data regarding the study.
- The pertained only to those self-help groups, which have completed minimum of 3/5 years of functioning.
- The data have been collected from the sample respondents on eight criterions, namely, Standard of Living, Role in Household Decisions, Self-Confidence, Adversities faced by the member, Financial Matters, Saving, Income Level and Employment Status.
- The difference in condition between pre and post Self-Help Group is interpreted as the impact of the programme.
- In this study, the data collected have been analyzed with the help of mathematical methods, such as, simple average and percentage to derive appropriate inferences and conclusions.

V. Results And Discussion

Here, an attempt has been made to evaluated the social-economic impact of micro-finance on the members of self-help groups. The difference in condition between pre and post Self-Help Groups is interpreted as the impact of the programme.

Impact on Standard of Living

Standard of living is the most important factor in the evaluation of socio-economic impact of microfinance on members of self-help groups.

Table 4.1: Impact on Standard of Living

Factors of Living Standard	Pre-SHG			Post- SHGs		
	Yes	No	Total	Yes	No	Total
Nutritious food	197 (74.06)	71 (26.69)	268 (100.00)	210 (78.36)	58 (21.24)	268 (100.00)
Sanitation facilities	195 (72.76)	73 (27.24)	268 (100.00)	222 (82.84)	46 (17.16)	268 (100.00)
Household utensils	249 (92.91)	19 (7.09)	268 (100.00)	266 (99.25)	2 (0.75)	268 (100.00)
Furniture	126 (47.01)	142 (52.99)	268 (100.00)	198 (73.88)	70 (26.12)	268 (100.00)
Electronic goods	201 (75.00)	67 (25.00)	268 (100.00)	247 (92.16)	21 (7.84)	268 (100.00)
Cooing gas	102 (38.06)	166 (61.94)	268 (100.00)	225 (83.96)	43 (16.04)	268 (100.00)
Average	178 (66.63)	90 (33.50)	268 (100.00)	228 (85.07)	40 (14.93)	268 (100.00)

Source: Primary Probe.

Note: Figures in parentheses represent percentage

Table 4.1 reveals that in pre-SHG period 66.63 per cent of respondents has nutritious food, sanitation facilities, household utensils, furniture, electronic goods and cooking gas. These factors have improved in post-SHG period. In post-SHG period the percentage of those respondents whose living standard have improved was 85.07 per cent. This shows that microfinance (through SHGs) provide income generating assets to the rural poor due to which they are improving their living standards.

Impact on Role of Household's Decision Making

In a family different kind of decisions are taken such as decision on income generation activities, household investment, savings, credit, family planning, purchase of food items, house maintenance, children's education etc. these decisions are taken either by male head of the family or jointly by the both. To know the position of these decisions during pre- and post-SHG period data have been collected and presented in table 4.2.

Table 4.2: Impact on the Household's Decision Making

Decision Regarding	Decision Taken During Pre-SHG by				Decision Taken During Post-SHG by			
	Other Family Member	Self	Jointly	Total	Other Family Member	Self	Jointly	Total
Income Generation	102 (38.06)	48 (17.91)	118 (44.03)	268 (100)	69 (25.75)	50 (18.66)	149 (55.6)	268 (100)

Activity								
Household Investment	102 (38.06)	48 (17.71)	118 (44.03)	268 (100)	81 (30.22)	48 (17.91)	139 (51.87)	268 (100)
Savings	98 (36.57)	68 (25.37)	102 (38.06)	268 (100)	79 (29.48)	71 (26.49)	118 (44.03)	268 (100)
Credit Related	143 (53.36)	20 (7.46)	105 (39.18)	268 (100)	91 (33.96)	34 (12.69)	143 (53.36)	268 (100)
Family Planning	98 (36.57)	74 (27.61)	96 (35.82)	268 (100)	94 (35.07)	76 (28.36)	98 (36.57)	268 (100)
Purchase of food items	98 (36.57)	84 (31.34)	86 (32.09)	268 (100)	96 (35.82)	84 (31.34)	88 (32.85)	268 (100)
House maintenance	87 (32.46)	84 (31.34)	97 (36.19)	268 (100)	80 (29.90)	90 (33.58)	98 (36.57)	268 (100)
Children's Education	66 (24.63)	24 (8.96)	178 (66.42)	268 (100)	51 (19.03)	26 (9.70)	191 (71.27)	268 (100)
Average	99 (37.03)	56 (20.99)	113 (41.98)	268 (100)	80 (29.90)	60 (22.34)	128 (47.76)	268 (100)

Source: Primary Probe.

Note: Figures in parentheses represent percentage

Table 4.2 shows that independence of decision making has improved from 20.99 per cent to 22.34 percent and percent of joint decision has also increased from 41.98 per cent to 47.76 per cent. Though the impact was positive yet this impact was not so encouraging.

Impact on Self-Confidence of the members of SHGs

In an effective communication and expressing oneself self-confidence plays an important role. The data in this regard have been analyzed in Table 4.3

Table 4.3: Impact on Self-Confidence of the group members

Confidence	Pre-SHG Period			Post-SHG Period		
	Yes	No	Total	Yes	No	Total
to talk within family	205 (76.49)	63 (23.51)	268 (100)	240 (89.55)	28 (10.45)	268 (100)
to talk in group meeting	160 (59.70)	108 (40.30)	268 (100)	200 (74.63)	68 (25.37)	268 (100)
to talk in gram sabha meeting	139 (51.87)	129 (48.13)	268 (100)	150 (55.97)	118 (44.03)	268 (100)
to communicate effectively	120 (44.78)	148 (55.22)	268 (100)	130 (48.51)	138 (51.49)	268 (100)
to understand & solve problem	142 (52.99)	126 (47.01)	268 (100)	201 (75.00)	67 (25.00)	268 (100)
Average	153 (57.16)	115 (42.84)	268 (100)	184 (68.66)	84 (31.27)	268 (100)

Source: Primary Probe.

Note: Figures in parentheses represent percentage

Table 4.3 depicts the average percentage related to self-confidence during pre-SHG period was 57.16 per cent which increased to 68.66 per cent in post-SHG period. It clearly indicates the enhance self-confidence among the women.

Impact on the Adversities Faced by the Members of SHGs

In society, people face many problems which may include problem of unemployment, lack of income, inferiority complex, low social status etc.

Table 4.4: Impact on the Adversities Faced by the Members

Adversities	Pre-SHG Period			Post-SHG Period		
	Yes	No	Total	Yes	No	Total
Unemployment	186 (69.40)	82 (30.60)	268 (100)	30 (11.19)	238 (88.81)	268 (100)
Lack of adequate income	201 (75.00)	67 (25.00)	268 (100)	21 (7.84)	247 (92.16)	268 (100)
Inferiority complex	148 (55.22)	120 (44.78)	268 (100)	54 (20.15)	214 (79.85)	268 (100)
Low social status	102 (38.06)	166 (61.94)	268 (100)	68 (25.37)	200 (74.63)	268 (100)
Average	159 (59.42)	109 (40.58)	268 (100)	43 (19.24)	225 (83.86)	268 (100)

Source: Primary Probe.

Note: Figures in parentheses represent percentage

Table 4.4 indicates that 60 per cent of respondents were facing different kind of problems during pre-SHG period. Whereas in post -SHG period most of the problems have solved to a great extent, as 83.86 per cent of respondent reported that the problems which they were facing in pre-SHG period do not face in post-SHG period. Hence, it can be concluded that microfinance have positive and good impact on the life of the members of SHGs.

Impact on the Role of Group members in Financial Matters

Having say in financial matters would make a big difference in one’s status in the family. As microfinance provide income generating assets to the members of SHGs, hence, it is important to evaluate its impact on the financial matters of group members.

Table 4.5: Impact on the Role of Group members in Financial Matters

Confidence	Pre-SHG Period			Post-SHG Period		
	Yes	No	Total	Yes	No	Total
Have say in the financial matters of the family	102 (38.06)	166 (61.94)	268 (100)	206 (76.87)	62 (23.13)	268 (100)
Purchasing goods at their own will	105 (39.18)	163 (60.82)	268 (100)	205 (76.49)	63 (23.51)	268 (100)
Spending money without getting permission from the family	92 (34.33)	176 (65.67)	268 (100)	163 (60.82)	105 (39.18)	268 (100)
Decide where and how much to save	89 (33.21)	179 (66.79)	268 (100)	123 (45.90)	145 (54.10)	268 (100)
Average	97 (36.19)	171 (63.81)	268 (100)	174 (65.02)	94 (34.98)	268 (100)

Source: Primary Probe

Note: Figures in parentheses represent percentage

Figure in Table 4.5 reveals that on an average, a positive impact of microfinance (through SHGs) on the group members in financial matters of the family was register after joining SHGs. They are becoming independent in financial matters, purchasing goods at their own, spending money without getting permission from other family members and decides where and how much to save. Data also reveals that out of total respondents, 36.19 per cent during pre-SHG period reported that they were deciding at their own in different kind of financial matters of the family, which increased to 65.02 per cent in post-SHG period.

Impact of Microfinance on Savings

People save money for various reasons and purposes. To review the purpose of savings during pre- and post-SHG period, data have been collected from the respondents and present in the Table 4.6.

Table 4.6: Impact of Microfinance on Purpose of Savings

Purpose	Pre-SHG Period			Post-SHG Period		
	Yes	No	Total	Yes	No	Total
Food security	122 (45.52)	146 (54.48)	268 (100)	156 (58.210)	112 (41.79)	268 (100)
To meet emergency needs	198 (73.88)	70 (26.12)	268 (100)	225 (83.96)	43 (16.04)	268 (100)
Income generating activities	97 (36.19)	171 (63.81)	268 (100)	138 (51.49)	130 (48.51)	268 (100)
Asset building	89 (33.21)	179 (66.79)	268 (100)	136 (50.75)	132 (49.25)	268 (100)
House maintenance	59 (22.01)	209 (77.99)	268 (100)	83 (30.97)	185 (69.03)	268 (100)
Children’s school fee	191 (71.27)	77 (28.73)	268 (100)	223 (83.21)	45 (16.79)	268 (100)
Average	126 (47.01)	142 (52.99)	268 (100)	160 (59.76)	108 (40.24)	268 (100)

Source: Primary Probe

Note: Figures in parentheses represent percentage.

Table 4.6 indicates a positive impact of microfinance (through SHGs) on the purpose of savings. As during pre-SHG period 47.01 per cent of respondent were saving money for different purposes. After joining the SHGs, the percentage have increase to 59.76 per cent. The most important purpose, as per the respondent

was children's school fee and meeting emergency need in the study area. This happened due to microfinance (through SHGs), as provides an opportunity for generating sufficient income, so that some of the money could be saved for the future needs and requirements of the members of the self-help groups (SHGs).

Impact on the Income Levels of the Group Members

One of the ways to measure the impact of microfinance on the members of self-help groups is to examine the pattern of their shiftability from one income group to another. The income group shiftability have been analyzed in Table 4.7.

Table 4.7: Impact on the Income Levels of the Group Members

Income Group	Pre-SHG	Post-SHG
Below ₹15000	162 (60.45)	20 (7.46)
₹15000-₹30000	87 (32.46)	72 (26.87)
₹30000-₹45000	16 (5.97)	53 (19.78)
₹45000-₹60000	3 (1.12)	94 (35.07)
₹60000-₹75000	0 (0.00)	24 (8.96)
Above ₹75000	0 (0.00)	5 (1.87)
Total	268 (100.00)	268 (100.00)

Source: Primary Probe

Note: Figures on Parentheses represent percentage

Data in Table 4.7 depicts that during pre-SHG period the income levels of the members of SHGs was very low as 60.45 per cent of respondents were in the income group of 'below 15000', 32.46 per cent in the group of '15000-30000', 5.97 percent in 30001-45000 and 1.2 per cent were in the group of '45000-60000'. After joining self-help groups, respondents have shifted from lower to higher income group. The major shift was register in the income group of '45000-60000' in which 35.07 per cent of respondents have attained this income group in the study area. It was also observed that 2.32 per cent of respondents have reached the income group of 'above 75000'. It can be concluded that microfinance provides an opportunity for establishing income generating assets, which resulted in enhanced income of the members of SHGs in the study area.

Impact on the Employment Status of the Members of SHGs

Microfinance through self-help groups, aims at providing self-employment opportunities to the people so that they can generate income for their livelihood. It can only be possible if they get adequate employment, thus, for the success of microfinance it is important that it should generate enough days of employment in a year. For the purpose of knowing the employment status, member of self-help groups has been classified on the basis of employment status in pre- and post-SHG period. The data in this regard has been obtained from the respondents and presented in the Table 4.8.

Table 4.8: Impact on Employment Status

Employment	Pre-SHG	Post-SHG
Upto 50 days	79 (29.48)	15 (5.60)
51 to 100 days	90 (33.58)	45 (16.79)
101 to 150 days	81 (30.22)	89 (33.21)
151 to 200 days	15 (5.60)	81 (30.22)
Above 200 days	3 (1.12)	38 (14.18)
Total	268 (100.00)	268 (100.00)

Source: Primary Probe

Note: Figures on Parentheses represent percentage

Table shows that during pre-SHG period 29.48 per cent of respondents were employed up to 50 days a year, while 33.58 per cent were between 51 to 100 days. The percentage of those who were getting employment between 101 to 150 days a year was 30.22 percent. Whereas the percentage of those who were getting employment between 150 to 200 or more than 200 days was very minimal. After joining the self-help groups, the employment status of members got a good boost about 77 per cent of respondent were getting employment more than 100 days, whereas about 44 per cent were getting more than 150 days or 200 days in a year. Overall, about three fourth were getting employment more than 100 days a year. Hence, it can infer that microfinance through self-help group have improved that employment status of the members of self-help group in the study area.

VI. Policy Options For Better Operation Of Microfinance Through Self-Help Groups (Shgs)

The present study was conducted to evaluate the socio-economic impact of microfinance in Himachal Pradesh. The results indicate that microfinance plays an important role in transforming the lives of members of self-help groups in the study area. But it is needed that the strategy of microfinance through self-help groups need more attention, so that it will yield positive and sustained results. Government needs to recognize the potential of micro-financial services to maintain investment and expansion in key economic sectors and hence to add significantly to national economic growth. In this regard, some policy options are suggested to streamline the microfinance through self-help groups.

1. Emphasis must be given to SHGs linkage with banks, development skills among the groups for effective use of loans and other resources, which the group acquires in due course. Quality financial services to the poor and vulnerable groups in recent periods, still there exists greater exclusion, which emphasizes the need for qualitative addition in ongoing efforts.
2. Government as well as financial institutions must impart education to the rural people, particularly, women and poor, about the benefits of microfinance through self-help groups.
3. As majority of rural people at the grass-root level do not know the procedure of organizing into self-help group. In this connection, the role of government and non-government organizations become crucial. They should help to organize the groups, frame rule and regulations required to managing bank accounts for SHGs. NGOs should not be deployed only for the formation of SHGs they must stay and work with the SHGs till they mature.
4. Orientation and training to members should be given as per the demand and requirement to build capacity. Furthermore, training, if possible, should be given according to the economic activity started by the self-help groups. There is a need for training in income generating activities, as large number of respondents during the field visits reported about lack of training.
5. The beneficiaries also pointed out that they are facing problems in marketing of their products in the local market. Weak marketing institutions, lack of market, low prices of output, long way market places and large number of intermediaries are some of the major hurdles in the effective functioning of SHGs. Selling of the finished products appears to be the biggest problem in the continuation of economic activities. Education and training regarding marketing and quality of finished products is very much essential for the survival of economic activities. SHGs needs market facilities and institutional capacity to handle marketing activities independently.
6. Microfinance delivery mechanism needs to be expanded at faster rate uniformly throughout the country to empower and include the poor for financial inclusion. Efforts must also be put in for the quick release of funds and its channelization to the related departments and agencies so that it can reach the target SHGs faster
7. To attract other people towards microfinance through self-help groups, the government should formulate a policy for rewarding the self-help group, that perform good and do excellent work. This would motivate and encourage people, especially women and poor, to come together in the form of self-help group.
8. Loans should be given on the basis of viability of economic activities. It will help in retarding the misuse of financial assistance. It must be ensured that the activities that the SHG members are encouraged to undertake are more productive and remunerative than what they have been doing traditionally.
9. Though the SHGs has proven to be successful at serving rural poor with the financial services, the SHGs can still improve a lot to get maximum output by proper monitoring of the SHGs through which a social discussion about development can happen and many constructive and creative ideas may come up. Also encouraging and educating the private investors about the SHGs is to be done on a large scale to improve the present situation.
10. After going through the various available studies conducted in India regarding the growth of SHGs and through the field study it is observed that the thrust of the government till now is more on the number of SHGs created, rather than the quality of the SHGs. Efforts must also be there to improve the quality of existing SHGs.

VII. Conclusion

Self Help Groups have proven to be one of the best in the micro finance sector in India. It has not only improved the financial status of the rural poor but also it has improved the social status. Women are the major beneficiaries from the self-help groups. Linkage with the SHGs have enabled women in improving their access to information and awareness, confidence level, self-respect, mobility/freedom of movement, development of skills, greater access to market linkages, realizing their rights and entitlements and increasing their income levels. Awareness has also been significantly improved among the women members regarding the health, nutrition and family planning. Women's contribution and share in decision-making both at the family level and societal level has increased as a result of linkage with the SHGs. The impact of Microfinance (through SHGs) on poor women and thereby leading to the inclusive growth of the state can be seen from their increased role in financial matters, shifting to higher level of income and getting adequate employment. The linkage with the SHGs has also enabled the women beneficiaries to attend training/workshops, to actively participate in meetings and to help in the loan arrangement for the family.

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