

A REVIEW ON SELF HELP GROUPS -FINANCIAL INCLUSION PROGRAMME AND ITS IMPACT IN INDIA

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ABSTRACT

The impact of SHG and microfinance on economic improvements in households, capacity building and empowerment revealed by integrated studies, with highlighting the harmonious impact of SHGs, NGOs and Micro Finance on the socio-economic aspects of rural households and their pivotal role in sustainable rural development. The microfinance activity is the result of NABARD'S work that started in February 1992 through an initial pilot project promoting 500 SHGs. Reserve Bank of India (RBI) had advised Commercial Banks in July 1991 to extend finance to SHGs as per NABARD guidelines. Subsequently, the linkage project was extended to RRBs and Cooperatives. The SHG-Bank Linkage Model became the largest financial inclusion programme in the world. The small beginning of linking only 500 SHGs to banks in 1992, had grown to over 0.5 million SHGs by March 2002 and further to 8 million SHGs by March 2012 according to a report by NABARD. Millennium Development Goals aimed at reducing poverty, improving health and education, empowerment of women, protecting the environment and enhancing other aspects of human welfare. In India, the goals of millennium declaration were followed even before the adoption by the United Nations General Assembly, in the form of policy framework and number of schemes for rural development. The movement towards sustainable rural development will lead to the achievement of MDG. Such achievement is possible through the modern tool to combat poverty and ensure rural development, commonly known as microfinance through SHGs. Apart from savings and credit; SHGs were also able to address social issues like health, education, sanitation, drinking water, alcoholism etc. This paper makes an attempt to recognize the different beneficial aspects reported from the studies.

KEYWORDS: *Economic Improvements, Commercial Banks, Development, SHGs, NGOs*

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