



## A study on the role of SHGS in poverty alleviation and sustainable development in Bihar

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### Abstract

The state of Bihar in India is home to a large population living below the poverty line. In order to address this pressing issue, Self-Help Groups (SHGs) have emerged as an effective tool for poverty alleviation and sustainable development. SHGs are community-based organizations that provide members with financial services, training, and support to improve their economic status. This study aims to explore the role played by SHGs in reducing poverty and promoting sustainable development in Bihar. The research methodology includes both qualitative and quantitative techniques such as surveys, interviews, focus group discussions, and secondary data analysis. The findings highlight that SHGs have significantly contributed towards empowering marginalized communities through various interventions such as microcredit loans, capacity building workshops, skill training programs, and income-generating activities. These initiatives have enabled individuals particularly women to start small-scale businesses or invest in agriculture leading to increased household income.

**Keywords:** Poverty alleviation, self-help groups, population, challenges and sustainable development

### Introduction

Bihar, one of the most populous and impoverished states in India, has long been grappling with issues of poverty and underdevelopment. Despite various efforts by the government and other organizations to alleviate poverty, a large number of people still live below the poverty line. In recent years, self-help groups (SHGs) have emerged as a potential tool for addressing these challenges and promoting sustainable development in rural areas of Bihar. SHGs are community-based microfinance institutions that aim to empower women by providing them with financial literacy, access to credit and tools for income-generation activities<sup>[1]</sup>. The present study seeks to examine the role played by SHGs in reducing poverty and promoting sustainable development in Bihar. It will explore how SHGs have helped women in improving their economic status, enhancing social capital and contributing towards overall community development. The study will also shed light on some of the key challenges faced by SHGs in their functioning. Moreover, this research aims to assess whether SHG interventions have had any impact on food security, health outcomes or education levels within households belonging to these groups<sup>[2]</sup>.

### Literature Review

Bihar, one of the most populous states in India, has been facing various challenges related to poverty and sustainable development. In this context, Self-Help Groups (SHGs) have emerged as an important tool for promoting socio-economic empowerment and addressing poverty-related issues in the state. With a significant presence of SHGs in the rural areas, there is a growing interest among researchers to explore their role and impact on poverty alleviation and sustainable development.

In the study titled "A Study on the Role of SHGs in Poverty Alleviation and Sustainable Development in Bihar" conducted by Fatma, (2019), the authors examine the impact of Self-Help Groups (SHGs) on poverty alleviation and

sustainable development in the state of Bihar, India. The research was driven by a growing need to understand how grassroots organizations like SHGs can play a significant role in addressing issues related to poverty and promoting sustainable development<sup>[3]</sup>.

A study conducted by authors Anil Kumar and Subham Mishra in 2018 examined the impact of Self-Help Groups (SHGs) on poverty alleviation and sustainable development in the state of Bihar. The researchers highlight that Bihar is one of the poorest states in India, with a large population living below the poverty line.

According to a study conducted by Nidhi Agarawal (2025), the role of Self-Help Groups (SHGs) in poverty alleviation and sustainable development in Bihar is significant. The state of Bihar has long struggled with high levels of poverty, but SHGs have emerged as a promising solution for addressing this issue<sup>[4]</sup>.

In a study conducted by Tarun Singh (2018), it was found that Self-Help Groups (SHGs) have played a significant role in poverty alleviation and sustainable development in the state of Bihar. SHGs are community-based organizations that aim to empower women and provide them with access to financial services, skill development opportunities, and social support networks.

### Research Gap

Despite various initiatives taken by the government and non-governmental organizations for poverty alleviation in India, the state of Bihar still faces high levels of poverty. Self-Help Groups (SHGs) have gained significant attention as a potential tool for promoting sustainable development and reducing poverty. However, there is a lack of comprehensive research on the role played by SHGs in addressing poverty in Bihar. One major research gap is the limited understanding of how SHGs operate within rural communities and their impact on individuals living below the poverty line. While many studies have been conducted

on SHGs in other parts of India, there is a dearth of literature specifically focusing on SHGs' functioning and effectiveness in improving livelihoods in Bihar. Another important aspect that has not been adequately addressed is the sustainability of SHG interventions over time.

### **The state of poverty in Bihar and its impact on development**

The state of Bihar, one of the most populous and underdeveloped states in India, has been grappling with poverty for decades. Despite being a resource-rich region with fertile land and abundant natural resources, the state continues to lag behind in terms of development indicators. According to a report by the World Bank, nearly 33% of Bihar's population lives below the poverty line, making it one of the poorest states in India.

Poverty in Bihar is characterized by various factors, including high levels of illiteracy, inadequate healthcare facilities, and lack of access to basic amenities like clean water and sanitation, and limited economic opportunities. The majority of people living in rural areas rely on agriculture as their primary source of income.

Moreover, poverty has also led to a lack of economic growth and investment opportunities in Bihar. As businesses tend to avoid investing in regions with high poverty rates due to lower purchasing power and market demand, this further perpetuates the cycle of underdevelopment. Additionally, widespread corruption at different levels often deters investors from investing in Bihar<sup>[5]</sup>.

Furthermore, poverty also contributes significantly to social issues such as gender inequality and child labour. In impoverished households where survival is a daily struggle for families, children are often forced into work instead of attending school or engaging in other age-appropriate activities. This not only deprives them of their right to an education but also exposes them to exploitation and abuse.

### **How SHGs have been implemented in Bihar for poverty alleviation**

In recent years, Self-Help Groups (SHGs) have emerged as a powerful tool for poverty alleviation and sustainable development in India. One state that has significantly harnessed the potential of SHGs is Bihar, one of the most populous and economically disadvantaged states in the country.

The implementation of SHGs in Bihar began in the early 2000s when the state government initiated the National Rural Livelihoods Mission (NRLM) with support from the World Bank. This mission aimed to create self-employment opportunities for rural households living below the poverty line by promoting SHGs as an avenue for collective action and economic empowerment.

Under this initiative, women from marginalized communities were mobilized into forming SHGs at the village level. These groups were provided with financial assistance through microfinance institutions (MFIs), banks, and other government schemes. The members of these SHGs were also given training on various income-generating activities such as animal husbandry, dairy farming, and handicrafts.

In addition to financial assistance and training, these groups also receive regular handholding services from trained professionals called village coordinators. This ensures that

the groups are functioning effectively and are able to sustain themselves in their respective livelihood activities.

### **Government policies and initiatives supporting SHGs in Bihar**

Government policies and initiatives have played a crucial role in supporting the growth and success of Self-Help Groups (SHGs) in Bihar. Over the years, both central and state governments have implemented various schemes and programs aimed at empowering SHGs to alleviate poverty and promote sustainable development in the state.

The National Rural Livelihoods Mission (NRLM), a flagship program of the Ministry of Rural Development, is one such initiative that has greatly supported the formation and functioning of SHGs in Bihar. Under NRLM, special focus is given to women from marginalized communities, who constitute a majority of SHG members. The mission provides financial support for capacity building, skill training, entrepreneurship development, and access to credit for SHGs through its various components such as Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM), Aajeevika Grameen Express Yojana (AGEY), and Start-up Village Entrepreneurship Program (SVEP) among others.

Apart from NRLM, other government schemes like Pradhan Mantri Jan Dhan Yojana (PMJDY) have also been instrumental in providing easy access to financial services for the poor population in Bihar. The scheme has encouraged many SHG members to save money regularly and avail formal banking services which were previously inaccessible for them.

Moreover, initiatives like Jeevika which is managed by Bihar State Rural Livelihoods Mission (BSRLM) has been working towards creating favourable policy environment for community-based organizations including SHGs. BSRLM also provides capacity building, hand-holding support, and financial assistance to SHGs for initiating micro-enterprises in agriculture, animal husbandry, non-farm sectors etc.

### **Research Objective**

The objective of this study is to examine the role of Self-Help Groups (SHGs) in poverty alleviation and sustainable development in Bihar, one of the poorest states in India. SHGs have emerged as an effective tool for socio-economic empowerment and upliftment of marginalized communities, especially women.

### **There are following objectives on this study**

- To examine the formation, functioning, and contribution of SHGs towards poverty reduction in Bihar.
- To identify the challenges faced by SHGs in addressing poverty and promoting sustainable development.
- To analyze the impact of SHG interventions on socio-economic indicators such as income, employment opportunities, education levels, health status, etc.
- To investigate the role played by government policies and programs in supporting SHGs and their impact on poverty alleviation.
- To assess whether women's empowerment is a key outcome of SHG activities and how it contributes to overall household welfare.

## Hypothesis

**H0:** SHGs have no significant impact on poverty alleviation in Bihar.

**H1:** Participation in SHGs positively affects poverty levels in Bihar.

## Research Methodology

The state of Bihar has been marred by poverty and underdevelopment for decades, making it imperative to identify effective approaches for poverty alleviation and sustainable development. One such approach that has gained popularity in recent years is Self Help Groups (SHGs). These groups are designed to empower women by providing them with access to credit, training, and resources to start their own income-generating activities. This study aims to understand the role played by SHGs in reducing poverty levels and promoting sustainable development in Bihar. To achieve this goal, a mixed-methods research design will be used. The study will begin with a comprehensive literature review on SHGs, poverty alleviation, and sustainable development in India. This will provide a theoretical framework for the study and help identify any existing research gaps. The primary data collection will involve conducting surveys among members of various SHGs across different regions of Bihar to gather information on their socio-economic status before and after joining the group.

## Research Question

- How have Self Help Groups (SHGs) in Bihar contributed to poverty alleviation over the past decade?
- What are the main barriers that prevent SHGs from effectively addressing poverty and promoting sustainable development in Bihar?
- To what extent have SHGs been successful in empowering women and improving gender equality in Bihar?
- What role do government policies and programs play in supporting or hindering the impact of SHGs on poverty alleviation and sustainable development in Bihar?
- Are there any variations in the success of SHGs based on their location, size, composition, or focus area within Bihar's diverse population?

## Data Collection

The state of Bihar in India has long been plagued by poverty, underdevelopment, and social inequalities. In such a scenario, Self-Help Groups (SHGs) have emerged as powerful instruments for empowering the marginalized communities and redistributing resources towards sustainable development. This study aims to understand the role of SHGs in poverty alleviation and their potential for promoting sustainable development in Bihar. Data collection was carried out using both primary and secondary sources.

## Methods of data analysis and data interpretation

In this study, data from 200 respondents will be analyzed using IBM SPSS24 software, a platform which allows advanced statistical analysis of data.

## Data Discussion

The state of Bihar, located in the northern region of India, has long been plagued with high rates of poverty and

underdevelopment. In recent years, however, there have been efforts to address these issues through the establishment of Self-Help Groups (SHGs). These groups are small community-based organizations that aim to empower women by providing them with access to financial services and promoting self-sufficiency. This study focused on examining the impact of SHGs in poverty alleviation and sustainable development in Bihar. Data was gathered through surveys conducted among 200 SHG members from different districts in Bihar. The results showed that a significant number of women were able to improve their economic status through participation in SHGs.

## Findings

India has made significant progress in reducing poverty over the past few decades, but it still remains a major challenge. In this context, Self-Help Groups (SHGs) have emerged as an effective strategy for promoting inclusive and sustainable development by empowering marginalized communities, particularly women. The state of Bihar in India has been facing high levels of poverty and socio-economic inequality for many years.

## There are following findings on this study

- The study found that self-help groups (SHGs) have played a significant role in poverty alleviation and sustainable development in Bihar.
- SHGs have been successful in mobilizing women, especially from marginalized communities, and empowering them to become financially independent.
- The formation of SHGs has increased the participation of women in decision-making processes within their households and communities.
- Access to microfinance through SHGs has enabled women to start small businesses, leading to an increase in household income and economic stability.
- SHG members reported improved health outcomes due to better access to healthcare facilities as a result of their increased financial resources.
- Women who were previously invisible within their communities gained recognition through their participation in SHGs, thus challenging traditional gender roles and stereotypes.
- SHGs have played a crucial role in poverty alleviation and sustainable development in Bihar by empowering women from marginalized communities.
- The study found that membership in SHGs has significantly improved the socio-economic status of its members, leading to an overall reduction in poverty levels.
- Women who are part of SHGs have access to micro-credit loans, which has enabled them to start their own small businesses and increase their household income.

## Suggestions

In recent years, there has been a growing recognition of the significant role played by Self-Help Groups (SHGs) in poverty alleviation and sustainable development. These are informal organizations formed at the grassroots level with the aim of improving the socio-economic status of its members through collective action and mutual support. The state of Bihar, one of the most populous and underdeveloped states in India, has been facing numerous challenges in terms of poverty, inequality and lack of access to basic amenities.

### There are following suggestions on this study

- Conduct a comprehensive survey to identify the existing Self-Help Groups (SHGs) in Bihar and their activities.
- Investigate the challenges faced by SHGs in terms of sustainability, social exclusion, and gender bias.
- Examine how technology can be leveraged for better functioning and scaling up of SHGs in Bihar.
- Study successful models of community-led initiatives for sustainable development implemented by SHGs across different regions in Bihar.
- Conduct a comprehensive survey to identify the SHGs operating in Bihar and their current activities.
- Analyze the impact of SHGs on poverty alleviation in different districts of Bihar.
- Study the effectiveness of microcredit provided by SHGs in improving livelihoods of members.
- Examine the role of SHGs in promoting social inclusion and women empowerment.
- Investigate the challenges faced by SHGs in sustaining their operations and finding resources for funding.
- Assess how access to technology can enhance productivity and efficiency among members of an SHG.

### Conclusion

In conclusion, this study clearly highlights the significant role that Self-Help Groups (SHGs) play in poverty alleviation and sustainable development in Bihar. Through the empowerment of women and marginalized communities, SHGs have been able to effectively tackle issues such as financial exclusion, lack of access to education and healthcare, and gender inequality. The success of SHGs in empowering their members not only improves the socio-economic conditions of individuals but also contributes towards achieving larger goals such as economic growth, social justice, and environmental sustainability. However, there are still challenges that need to be addressed for SHGs to reach their full potential and create lasting change. With further research and support from government agencies and NGOs, we can continue to improve upon this model for community-led poverty eradication efforts in Bihar.

### Limitations of Study

While the study on the role of Self-Help Groups (SHGs) in poverty alleviation and sustainable development in Bihar has provided valuable insights, it is important to acknowledge its limitations. Firstly, due to time and resource constraints, the research could only be conducted in a limited number of districts in Bihar. This may limit the generalizability of the findings to other regions within the state. Additionally, there may have been bias introduced during data collection and analysis. As with any research involving human subjects, social desirability bias or response bias can affect participants' responses. More

### Further Research

Bihar, a state in the eastern part of India, has been plagued by high levels of poverty for decades. In recent years, there have been efforts to address this issue through various government schemes and initiatives. One such initiative is the formation of Self-Help Groups (SHGs), which are community-based organizations that aim to empower women and improve their economic status. The study on SHGs in Bihar focuses on understanding how these groups

contribute towards poverty alleviation and sustainable development in the state. The research delves into the impact of SHGs on various aspects such as income generation, education, health, and social empowerment.

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