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Research Paper

Role of rural banks in the development of self-help groups

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ABSTRACT

Majority of the population of Rajasthan lives in rural areas. Before independence, debt payments were made by moneylenders and Nagar Seth. After the establishment of the Village Bank on October 2, 1975, they were entrusted with the task of disbursing village loans. Rural banks provide individual and group loans for rural development under various schemes. This includes self-help groups. In this group, the village bank plays a positive role in the development of the rural economy by collecting small savings of women and men and providing them in the form of group loans. In addition to savings, discussions on problem solving and development at the village level also started at the Self-Help Group meeting. Self-help groups play an important role in empowering women. As the living standards of these groups of farmers and herdsmen improved, self-employment increased. Currently, there are two rural banks operating in Rajasthan, namely Rajasthan Marudhara Gramin Bank and Rajasthan Kshetriya Gramin Bank of Baroda. With the cooperation with the village bank in developing self-help groups at the village level, the economic and living standards have also improved by increasing the savings and living standards of the residents.

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1. INTRODUCTION

There is no country in the world where economic development is possible without rural development. The economic, social and political development of any community, state and country cannot be imagined without rural development. About 70 percent of the total population in India lives in rural areas and has realized that group financing can be a more effective way of financing than individual financing and hence the concept of self-help groups has grown. Self-help groups are an effective and cost-

effective means of providing access to rural credit. Self-help groups at the village level have an important role in the development process. In the 1970s, the microfinance movement began to provide unconditional loans to the poor, especially small rural farmers and women, and today the microfinance movement is run by more than 10,000 organizations around the world. Essentially, Self Help Groups are such organizations that organize themselves voluntarily in rural areas and collect small savings and deposit them in the bank in the form of collective funds for the use of members for financial needs. Therefore, team members meet once a week or once a month and solve each other's problems by discussing various topics [1]. As a result, they break out of the cycle of poverty, unemployment and illiteracy and move towards economic, social and political empowerment.

In 1975, the Government of India took a decision to connect the rural people to the banking system and on the recommendation of the Narasimha Committee, Regional Village Banks were established for banking and financial services in rural areas. The purpose of these banks is to distribute loans for rural development and small savings in rural areas. In this regard, the work of establishing a regional rural bank began on October 2, 1975 with the Jaipur Nagaur Anchalik Gramin Bank in Rajasthani Jaipur, Rajasthan. The first Regional Rural Bank was established. Seeing the financial deficit of rural banks, in 1987 [2], the Kelkar Committee recommended the establishment of rural banks and ban on integration, thus 14 regional rural banks operating till 2005 were merged into 6 banks in Rajasthan. And with the second phase of integration in 2005-06, their number dropped to 2 in 2013-14. Since its inception till now, Rajasthan Rural Bank has been providing financial assistance by implementing various schemes for the economic development of rural areas. Self-help groups play an important role in that. These groups help banks to provide loans to the needy and the development of groups increases the sense of thrift among the villagers.

Their contribution to the process of rural development gradually increased due to the role of rural banks in providing micro-credit to autonomous groups, increasing their economic mobility, decision-making power [3], contracts at various levels and solving problems. Continuous efforts are being made for financial literacy by central and state governments. These include Pradhan Mantri -an-Dhan yojna, Group Loan Scheme, Pradhan Mantri Fasal Bima Yojana, Self Employed Loan Scheme etc.

2. RELATED WORK

Dr. Mahaveer N. Sadavarte (2017) in his research focused on the empowerment of women from rural self-help groups. In the research work, an analytical study of the economic and social development of rural women after joining a self-help group was carried out. The research work is based on primary and secondary data. Trupti Gupta and Kalpana Singh (2019), in their study "Performance Assessment of Regional Rural Banks in India", examined the improvement of regional rural banks in relation to industrial performance [4] and employee productivity. The researcher said that after the integration in 2005, there was little improvement in the performance of RRBs. Piyush Thakur and Aditya Fraksi (2015) in their study "Regional Rural Bank – How to become a developed economy" concluded that Self Help Group should be associated with Rural Banks and Regional Cooperatives. So that every house in the countryside can reach, Jitendra Kumar Ram and Rabi N. Subudhi (2014): "Analysis of Regional Rural Bank Development in Odisha". In the research work, an analytical study of RRBs operating in Odisha was conducted [5]. He said that the service quality, productivity and operations of these banks have improved after the merger. Singh, S., Kaur, S. (2019) SHG Program Research Study. The research paper concluded that awareness of various schemes increases with the economic status of members participating in SHG programs. In addition, members have easy access to loans. Working in groups is also reported to increase members' incomes and living standards. Prabhavati (2011) "Empirical Study of SHGs and Rural Development in Tuticorin District". The study explores the functions and challenges of SHGs operating in Tamil Nadu. SHGs help empower women economically.

2.1 Objectives of the Study

(1) To study the role of regional rural banks in the development of self-help groups.

(2) Study of the effect of self-help groups at the village level.
(3) To study the status of the members of self-help groups.

2.2 Data Collection

Secondary data has been used in the present research study. The data has been collected from the annual reports and various advertisements of Rajasthan Marudhara Gramin Bank and Baroda Rajasthan Kshetriya Gramin Bank.

3. METHODOLOGY

The research study has been conducted with reference to the data relating to BRKGB and RMGB located in the state of Rajasthan [6]. In the research work, self-help groups of BRKGB and RMGB Bank have been studied with the help of tables using data related to last 5 years from 2017-18 to 2021-22. In the research study, an attempt has been made to find out the contribution of self-help groups in rural development in collaboration with BRKGB and RMGB banks. The research work is explanatory and analytical in nature.

3.1 Analysis of Data

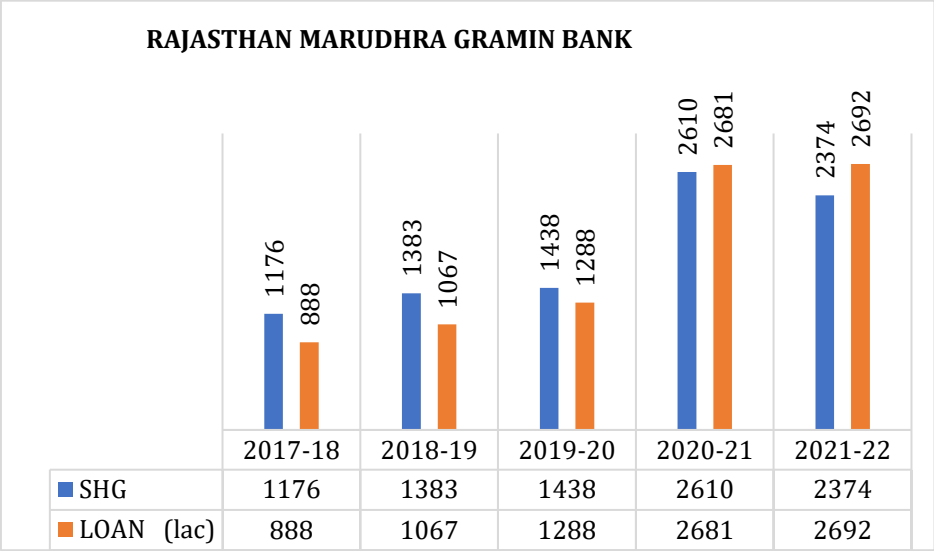


Figure 1. Annual Performance of SHGs and Loan Disbursement by Rajasthan Marudhra Gramin Bank

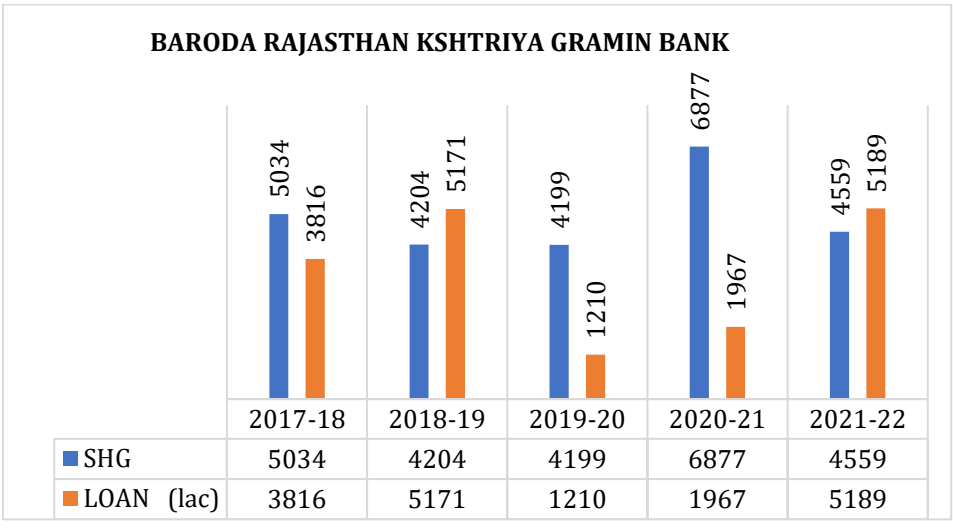


Figure 2. Growth of Self-Help Groups and Loan Disbursement in Baroda Rajasthan Kshetriya Gramin Bank

After analysing Figure 1 and Figure 2, it shows that RMGB disbursed approximately (16616 Lacs) as a loan to (8981) Self Help Group by Gramin Bank from 2016-17 to 2021-22. With this, from 2016-17 to 2021-22, BRKGB disbursed approximately (17,299) as loans to (24,873) self-help groups. Meanwhile, a special program for rural development and financial literacy was organized in Rajasthan during the introduction of bank finance. Various processions, shows and games are added. With this, Self Help Groups and Rajasthan State Rural Banks have more protection. Therefore, villagers are now encouraged to save by forming self-help groups with the help of banks [7]. Rajasthan plays an important role in the development of the rural economy along with the development of self-help groups by providing various credit and investment facilities through two regional rural banks operating in the state. Self-help groups are now considered the most promising form of combating rural poverty in the world. Over 80 percent of self-help groups in India are owned by women with a payout ratio of around 95 percent and a very low percentage of non-performing assets. In addition, self-help groups have shown positive changes in improving the quality of life of villagers and improving the economy. The number of self-help groups is gradually increasing in the state of Rajasthan by the central bank of villages following the schemes and guidelines of various central state governments, which is a strong environment for credit distribution in rural areas, mainly because of the increased trust of members due to the integration of the group and the bank, and the ease with which the bank can distribute and repay existing loans through this group.

4. CONCLUSION

In summary, it can be said that the confidence of the rural community in self-help groups is increased by working together with the Regional Village Bank in group work. In the last five years, there has been an increase in the number of self-help groups and loans in rural areas. The loan repayment rate of this group is also close to 95 percent. It shows good performance. Moreover, in the last five years, the economic status of group members has improved with the help of village banks. Hence the role of Swarna Jayanti Village Entrepreneurship Scheme, Entrepreneurship Scheme, Small Business Development Loan Scheme, Sakhi Mandal, Entrepreneurial Group and Village Bank is important for the independence of rural men and women. Kisan Mitra and others. About 20,125 self-help groups have been formed so far in Rajasthan with the help of rural banks. Self-help groups have done a good job of empowering women by bringing them into the mainstream of development and bringing about revolutionary changes in social, economic and political life. Rural banks encourage rural people to save a portion of their income through various programs. This small savings proved to be very useful during the financial crisis. Therefore, the benefits of various government and non-government organizations have successfully reached the rural areas of Rajasthan to achieve the goal of rural development through regional rural banks, self-help groups. As a result, the number of group members increased rapidly and loan payments increased positively, along with improving the standard of living of group members.

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Author Contributions Statement

Name of Author	C	M	So	Va	Fo	I	R	D	O	E	Vi	Su	P	Fu
Jeevan Singh Kishnawat	✓	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓	✓

C : **C**onceptualization
M : **M**ethodology
So : **So**ftware
I : **I**nvestigation
R : **R**esources
D : **D**ata Curation
Vi : **Vi**sualization
Su : **Su**pervision
P : **P**roject administration

Va : **Va**lidation
Fo : **Fo**rmal analysis
O : Writing - **O**riginal Draft
E : Writing - Review & **E**diting
Fu : **Fu**nding acquisition

Conflict of Interest Statement

The authors declare that there are no conflicts of interest regarding the publication of this paper.

Informed Consent

All participants were informed about the purpose of the study, and their voluntary consent was obtained prior to data collection.

Ethical Approval

Not Applicable.

Data Availability

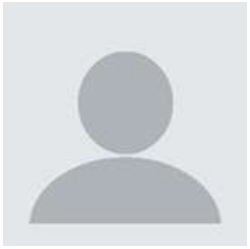
The data that support the findings of this study are available from the corresponding author upon reasonable request.

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