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Tracing Performance Trends of Self-Help Groups Across India: A Social Computing Analysis

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Abstract:
Self Help Groups (SHGs) are voluntary associations of economically disadvantaged individuals, primarily rural women in India, who come together to overcome poverty and address community issues through self-reliance and collective action. This paper endeavors to scrutinize the impacts of savings and loan disbursement on the Non-Performing Assets (NPAs) of banks concerning SHGs. The study seeks to identify the performance of SHGs in India over time, using appropriate social computing analytical methods, specifically during 2007–08 to 2022–23 across six regions of India, namely, central, eastern, northeastern, northern, southern, and western India. Initially summary statistics on the chosen variables have been calculated. For the purpose of analysis, panel data regression analyses have been used, prior to which test for stationarity of the variables of interest have been conducted and test for co-integration have been performed. Hausman test has been used to choose between random effects and fixed effects models. All variables have been found to be stationary at first difference and the presence of cointegration has been supported. Hausman test gave evidence in favour of random effects model. The analysis reveals that NPAs are the most volatile variable, followed by loan disbursement and savings per SHG. Interestingly, the study concludes that loan disbursement and savings have a detrimental effect on NPA growth concerning SHGs. There is a need for financial institutions to develop effective mechanisms for managing the credit risk associated with lending to SHGs, while also supporting their efforts to improve their economic situation.

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I. Introduction

The Self Help Groups (SHG), mainly constituted by rural women, have been playing a significant role in India's economic development, poverty alleviation, and financial inclusion. They are voluntary associations of economically disadvantaged people belonging to the same socio-economic strata. Together, through these institutions, they resolve to come together for a common purpose, fight poverty, and mitigate issues through self-help and community actions. It is also an effective mechanism for women's empowerment, focusing on certain key issues such as capacity building, diversified livelihood, and sustainable and inclusive development. [1] It was in the year 1984 that the concept was introduced Bank Model of Prof Muhammad Yunus from Bangladesh. In the initial years and Rural Development (NABARD), along with some impanelled Non-Governmental Organizations (NGOs), initiated a bank-linkage system, which was eventually recognized by the Reserve Bank of India as an alternate credit flow method in 1990. The members of these groups create self-governing collectives on savings and credit initiatives. They take up some common yet pressing problems of their specific rural areas, hold regular meetings on these, share information with each other,

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