

## Achieving Sustainable Development Goals through Microfinance with help of Self Help Groups

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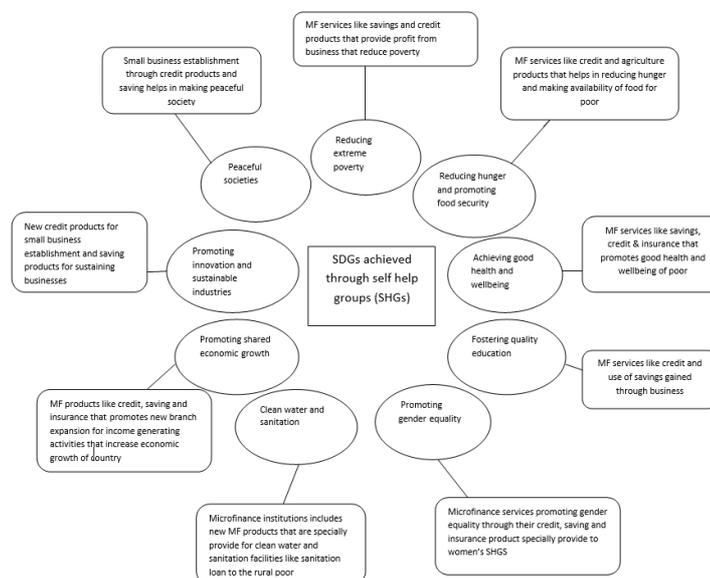
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**Abstract:**

The United Nations General Assembly adopted the 2030 Agenda for Sustainable Development, On 25 September 2015, along with a new set of development goals that are collectively called the Sustainable Development Goals (SDGs). The United Nations' Sustainable Development Goals (SDGs) have stimulated the development community with an vital challenge to make better the wellbeing of the world's neediest people. Microfinance is effective tool of providing financial services to low income households and underprivileged society for improving their status in the society and nation as a whole. Microfinance can play an important role in achieving sustainable development goals. SDGs like “end poverty in all its types”, “reducing hunger and promoting food security”, “achieving good health and well being”, “fostering quality education”, “empowering women”, “clean water and sanitation”, “promoting economic growth”, “promoting innovation and sustainable industries”, and “peaceful societies” can be achieved through microfinance by self help groups.

This study is an attempt to identify microfinance objectives that can relate to achieving SDGs and on the basis of microfinance services to propose a microfinance wheel for achieving SDGs. Result of the study shows that microfinance products can become beneficial for achieving SDGs through microfinance. Microfinance wheel tells about that how we can achieve sustainable development goals through the proper utilization of microfinance services.

**Keywords:** microfinance, sustainable development goals, economic growth, development community  
 Microfinance wheel:



This microfinance wheels tells about that how can we achieve sustainable development goals through the proper utilization of microfinance services. Microfinance services provide a base for attaining SDGs in a sustainable manner.

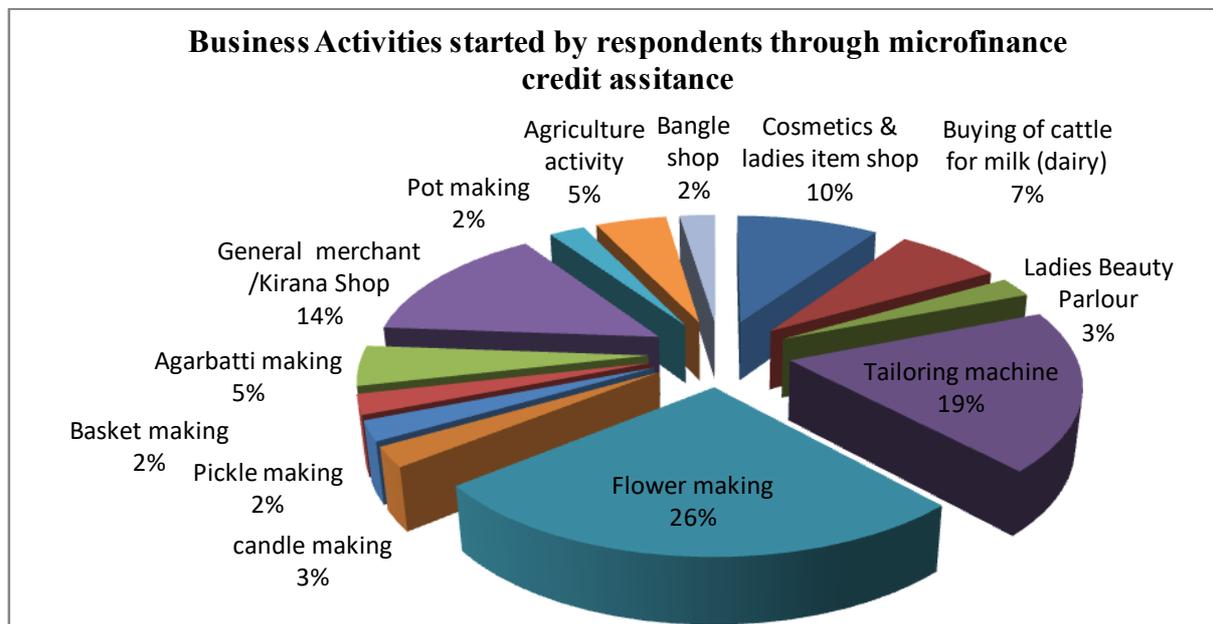
#### **Reducing extreme poverty (SDG1):**

Microfinance involves the provision of financial services such as savings, loans and insurance to poor people living in both urban and rural areas and who are excluded to obtain such services from the formal financial institutions ( **Schreiner & Colombet 2001**). Grameen Bank has introducing new products such as flexible loans, voluntary savings and mandatory savings etc. They also mentioned that it has adapted micro pension, micro insurance etc. which also contributed to the success of microfinance ( **Home and Moore, 2006** ). Saving and income increases after participation in microfinance activities through self help groups and build regular saving habits among them ( **Minakshi Ramji, 2009**). Microfinance programme is helpful in attaining millennium development goals by reducing poverty, hunger, infectious diseases and through empowering women ( **Littlefield et al. 2003**). “The attempt to improve access to small deposits and small loans for poor households neglected by banks.” **V.M.S. Perumal 13 (2015)** in his research paper on “SHGs: Empowering Women at the Grassroots” has analysed three villages from the southern districts of Tamilnadu. The author has also observed that, women in the SHGs are respected in the society, and they are independent in deciding about their household needs. **A. Abdul Raheem and Yasmeen Sulthana (2018)** stated that there are a number of possible routes to the promotions of self-employment, and strengthening of Self Help Groups is one of them. So, more Self Help Groups should be encouraged in order to eradicate poverty through self- employment and at the same time empower women and this in turn will lead to overall economic development.

This analysis of primary data shows that with help of microfinance; respondents has started different business activities and these business activities provide profit in business that reduce the conditions of poverty from the house of the respondents and they also became empowered and able to generate income. Result of this study clears that microfinance can help in achieving first objective of SDGs that is reducing extreme poverty.

#### **Activities started by respondents through self help group mode:**

Data was collected through personal interview method for analysing business activities started by self-help group women members and an attempt to examine that these activities are profitable for them. Total 50 women members were interviewed and out of 50 women, members 42 women are identified that they started business activity for their progress and upliftment. Thirteen main business activities identified that were started by women self help group members. These activities were flower making, stitching, shop, cosmetics, dairy, agriculture activity, buying bull cart for different works, parlour, street vendor, bangle shop, bucket making, bread making, and pot making. Majority of the women self-help group members are engaged in flower making that is 26%, 19% women are involved in stitching work, 14% having their own shop for growth and expansion of status in the society. 10% women members occupied cosmetics and ladies item shop as their successive business activity. In dairy 7% women members involved, 5% women members owned agriculture activity. Only 3% women started street vending and parlour. Bangle shop, bouquet making and bread making were started by 2% of the total activities.



### Reducing hunger and promoting food security (SDG 2)

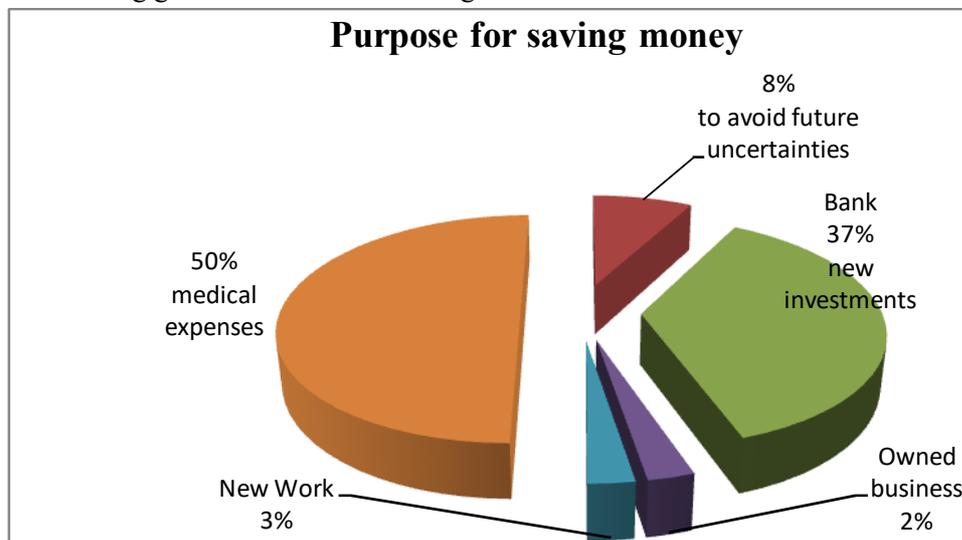
Different activities started by respondents provide profit in terms of income. These income generation activities reducing the hunger and promoting food security for the poor and needy people. These income-generating activities provide support to the respondents for their future security. Income earned through business activities in the form of profit provide support to the poor respondents to reduce their hunger condition and able to eat food three times in every day. Profit gained through activities helps in promoting food security for the future perspectives. Results shows that bangle making activities were started by the most of the respondents that is 26% and second most important activity were general merchant/kirana shop 14%. Respondents said in their personal interviews to the researcher that microfinance helps in establishing activities that are increasing their earnings for them and they gained profit from their businesses. Financial services can help needy people to increase their production to meet the food needs of growing populations in the form of greater food security.

### Achieving good health and well-being (SDG 3)

In India majority of the people are living in rural areas and unable to access credit assistance through formal institutions, they lend money from the moneylenders on high interest rate. For removing hurdles of the poverty and bad health from the underprivileged society, microfinance plays an important role to provide easily accessible financial services to the needy individuals. Hashmi et.al (1996) investigated whether women's access to credit has any impact on their lives, irrespective of who had the managerial control. Their results suggest that women's access to credit contributes significantly to the magnitude of the economic contributions reported by women, to the likelihood of an increase in asset holdings in their own names, to an increase in their exercise of purchasing power, and in their political and legal awareness as well as in composite empowerment index. They also found that access to credit was also associated with higher levels of mobility, political participation and involvement in 'major decision-making' for particular credit organizations. Matched savings schemes are employed to enhance savings of low-income households and as a way to save for productive investments and health purposes (Imerman and Banerjee, 2009). Self help groups members start their business with group savings and equally sharing responsibility and profit from the business (Sharma, Anjali; Roy, Bikash, Deepa, 2012).

Primary data shows that 50% respondents have saved their money in post offices for medical expenses, 37% of the respondents have saved money for new investments. 8% respondents saved money for reducing future uncertainties, 3% saved money for new work establishment and 2% of the respondents have saved money for growth of their own business.

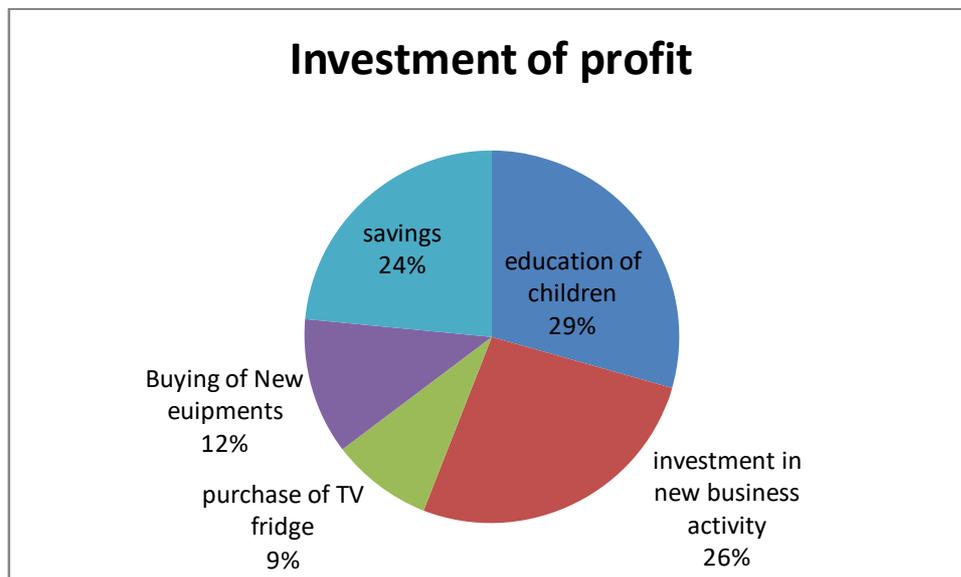
Result of the primary data shows that most of the respondents saved their money for the medical expenses and became aware about to take care of their health and well being. After participation in microfinance activities they better know about importance of their health and well being and able to understand that without the good health they do not do their work properly. Thinking about health and well being were increased in respondents with the use of the microfinance and it can also help in achieving third SDGs that is achieving good health and well being.



#### Fostering quality education (SDG 4)

Achieving quality education depends on people having the ability to invest in learning opportunities. **Kiiza and Pederson (2002)** on their study in Ugandan context, pointed out that the decision for poor households to open bank saving account is positively related to the level of education, proximity to financial institution, work experience, transaction costs and the level of permanent income. Above all confidence in security of the savings and customer care of institution staffs are of crucial importance. ”. Equally savings are acknowledged to have long-term “asset effects” that may not only motivate to pursue education or employment, but also to help poor household to have a more optimistic outlook for the future matched savings schemes are employed to enhance savings of low income households and as a way to save for education ( **Zimmerman and Banerjee, 2009**).

From data of 42 respondents, researcher had 34 respondents who have started their business activities and have gained profit through their business activity. Data reveals that 34 respondents have invested their money or profit for different purposes. Most of the respondents invested their money in education of their children that is high in all segments 29 %. Twenty-six percent (26%) respondents have invested their money in new business activities for raising more profit than before, 24%. respondents have invested their profit as fixed deposit in banks as a saving, 12 % respondents invested their profit in buying of new equipments for their own business development and only 9% of the respondents have invested their money on buying of T.V. and Fridge like home utensils.



From the above data it is clear that after availing of microfinance services people became aware about education and invest their business profits in the education of children and provide knowledge to others for benefits and uses of education in their business perspectives. Now microfinance gives knowledge and information about quality education to their clients and they have understood the valuable aspects of education. Therefore, the fourth goal of SDGs fostering quality education can be achieved through microfinance services.

#### **Promoting gender equality (SDG 5)**

Microfinance provides financial services that help to women assert their economic power, which is key to promoting gender equality. According to World bank (2015) half of the women in world are unemployed and not showing ability to do work. There was high raise in awareness of the members to socio-economic changes; living standard; experience and communication; decision making, easy access to credit; self-confidence and savings ( A., M. Lokahande, 2015). A range of countries indicated that raising the share of household income managed by women through either their own gains or cash transfers and transformation spending in ways that provide advantage to women (World Bank 2012). Savings accounts can give women; a safe and formal platform to make a credit history and save their earnings for future investments in the absence of easy access to formal and informal loans (Anderson and Baland 2002; Dupas and Robinson 2009; Karlan and Morduch 2010, Slama, 2014).

#### **Promoting shared economic growth (SDG 8)**

Microfinance institutions (MFIs) play a vital role in the economic development of many developing countries. They offer loans and/or technical assistance in business development to low-income community in developing countries. They have a variety of products including micro loans, savings and other deposit products, remittances and transfers, payment services, insurance, and any other financial product and service that a commercial bank does not offer to low-income clients in the banking system (Hartungi , 2007). SHGs engaged in constructing micro-enterprises in India normally need to be able to fulfil the needs of finance, training and skills development (Singh., S. et.al, 2011). the development of social groups may be positive largely by the combination of entrepreneurial skills, finance and marketing activities. The Self-Help Groups have acted as the real change agent and the medium of distribution of diverse

information and the services to the growth (Kasthuri., R. et al, 2014). SGSY and Umeed Foundation showed positive impact on economic condition of beneficiary household. Study found that repayment rate was high and significant mean differences regarding income and expenditure and insignificant differences in respect of savings and change in consumption on food items (Gill., K.G., et.al, 2014). SHGs are very powerful tool for the women's economic independence and proved the mode for economic freedom to women and the Govt and RBI have to focus on empowerment of women by giving additional financial help to SHGs ( Srinivasa Rao., S. C, 2013). Burgess and Pande (2005) make available evidence that rural branch development in India was considerably associated with economic growth.

#### **Promoting innovation and sustainable industrialization (SDG 9)**

Access of financial services through microfinance mainly credit, is likely more business to be established and promoting existing firms to enlarge their services by facilitating greater investment in inventory, labour and different means of manufacturing systems. In Mysore study concludes that participation of women in the SHGs activities facilitate them to get experience in diverse types of activities like involvement in different trades, gain essential financial assistance, guidance in starting and sustaining the entrepreneurial activities ( Ramanujam., V. & Homiga., U.2014). Microfinance Institutions had established significant authenticity and innovation, obtained that heterogeneity among MFIs are considerable, and provide safe and productive outlet for funds in exploration of secure returns ( Koveos., P. & Randhawa., D. 2004). Micro-finance programme through SHG-Bank Linkage programme has emerged as the major source of providing microfinance services to 70 million poor households in India through formal banking system. Finding of the study clearly indicating that SHG-Bank Linkage programme is economically viable and sustainable (Ansari., A. S, 2013). Women are becoming entrepreneurs with the help of Self Help Groups, which avoids the exploitation of women and helps empowering them. SHGs enabled women participation to discover inner strength, gain self-confidence, self-reliance, self-esteem, self-respect, social, economical and political capacity building (Sreenivasulu, D. & Kumar, V.,G. 2014). Beneficiary's perception about the micro finance from the commercial banks, NGOs, co-operative banks and RRBs is fetching very significant because they are getting the appropriate and adequate finance, which is helpful in maintaining their group employment like activities, which are supportive in generating the income ( Ramola,S.,K. & Kumar, N., 2015).

#### **Toward equitable and peaceful societies (SDG 10 and SDG 16)**

Self help group help to women in alleviating poverty, increased sustainability, building capacity among them to do work and making assets and became strong to fight against social evils (Sivakumar Venkataramany, Balbir B. Bhasin, 2009). Use of information communication technology makes fisher women able to read, write, and get loan from banks to improve their livelihoods (Patterson, Jamila et al, 2008). Land holding, mean asset value and per-capita household income have positive effect on participation in the microfinance programme through self-help groups. It had also observed that dependence on moneylenders for credit assistance is reduced after availing microfinance ( Mahapatra., S. 2014). Microfinance through SHGs plays a significant role in reduction of poverty and improvement of rural lives and society as a whole. It has observed that government should situate more attempts in encouraging these groups by providing schemes and making these schemes more helpful for the rural sections of the society ( Mha Chio Mozhui & Papiya Dutta 2014).

#### **Access to Infrastructure: Water and Sanitation (SDG 6)**

On the basis of interview of microfinance institutions officers it is found that to increase the poor people for sanitation and hygiene related aspects they provide sanitation loan with the income generating activities. Sanitation related loan are compulsory for the all borrowers who taken loan from the

microfinance institutions. This step of MFIs creating awareness about sanitation related aspects particularly to the women. Microfinance institutions gives housing loan and loan for hand pump in their house to overcome the problems of water.

SHG linkage programme of microfinance helped in increasing economic growth and stable government create a formal business sector to access of clean water, education and healthcare and microfinance promoting long-term progress and development of country especially in rural sector (Anudevi, J., et. al, 2011). Therefore, it can say that microfinance institutions launching different products that increasing the knowledge of their client in sanitation and water related problems. Sanitation facilities help to make them healthier and tension free in coming problems like diseases that occurs due to unhygienic environment. So we can say that microfinance institutions are working in the way of provide facilities for proper sanitation of the poor population and make them aware about this. Access to infrastructure: water and sanitation is the sixth goal of sustainable development agenda 2030 can be achieved through microfinance services because in present time the motive of these financial service providers are overall development of the poor population in a sustainable manner.

#### **Conclusion:**

With the help of credit assistance through self help groups to women make more confident and invest their profit they gained from the income generating activities in their family's well being and growth. Microfinance activities have successful in attaining their goals for self-employment, women empowerment, income generating activities and poverty alleviation ( Tehra, V. R, 2014). Self - confidence, Self-esteem and Freedom of women had the essential matter of socio-economic empowerment and developmental schemes and programmes of SHGs had created opportunities for women (Thileepan., T. & Soundararajan., K.2014). An important factor for developing status of women is economic independence of women, microfinance is not only important for providing the loan but also helpful in skill development and education of women. Microfinance through SHGs involved in empowering poor women belonging to the bottom of pyramids. Exploitation of poor is not possible because they do not depend on moneylenders anymore. Microfinance develops saving habit among self-help group member and microfinance by SHG is a boon to poor women (Gadkari., R. K,2015). Microfinance had empowered women and designed products and channel, which are friendly and suitable to poor women for their development (S., R. Keshava, 2015). Microfinance has plays a very important function in the development of Uttar Pradesh by attaining its goals like increase in saving and borrowing patterns, recuperating economic environment, alleviation of poverty, educational improvement, and employment generation and play a very powerful role in awareness creation and empowerment (Maurya., H. 2012). SHG programme has been main in the states of Andhra Pradesh, Tamil Nadu, West Bengal, Karnataka, and Uttar Pradesh and 40 percent of credit linkages were found only in the state of Andhra Pradesh. Study concludes that SHGs are powerful tool for empowerment of poor and recovering the livelihoods of poor and marginalized (Rao., Narasimha.V,& Subramanyam., N. 2012, Ramakrishna., H. & Mohinuddeen., K. 2013).

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