



The impact of self-help groups among rural areas

Mohammed Faizal¹, Aravind B¹, Mohammed Anas¹, P Vijaykumar²

¹ Department of Business Administration, School of Management, Nehru Arts and Science College, Coimbatore, Tamil Nadu, India

² Assistant Professor, Department of Business Administration, School of Management, Nehru Arts and Science College, Coimbatore, Tamil Nadu, India

Abstract

Self-Help Groups (SHGs) play a crucial role in promoting financial inclusion, women empowerment, and socio-economic development in rural areas. SHGs are small voluntary associations, mainly consisting of women, who come together to promote savings, access credit facilities, and engage in income-generating activities. These groups operate on the principles of mutual trust, collective responsibility, and cooperation, which help members improve their economic and social status. The present study examines the impact of Self-Help Groups in rural areas by analysing their contribution to economic empowerment, social development, and improvement in living standards. The study also explores how participation in SHGs enhances confidence, leadership skills, and participation in household and community decision-making among rural women. A descriptive research design and quantitative survey method were adopted for the study. Data were collected from 100 SHG members using structured questionnaires. The findings reveal that SHGs significantly contribute to improving savings habits, income levels, social participation, and overall rural development. The study concludes that Self-Help Groups serve as an effective mechanism for empowering rural women and promoting sustainable community development.

Keywords: Self-help groups, women empowerment, rural development, financial inclusion, microfinance

Introduction

Rural development plays a vital role in the overall progress of a nation, particularly in developing countries like India where a large proportion of the population resides in rural areas. Rural communities often face challenges such as poverty, unemployment, lack of access to financial services, and limited economic opportunities. Addressing these challenges requires effective community-based development initiatives.

Self-Help Groups (SHGs) have emerged as an important tool for improving the socio-economic conditions of rural communities. An SHG typically consists of 10–20 members who voluntarily come together to save small amounts regularly and create a common fund. This fund is used to provide loans to members for personal needs or income-generating activities. SHGs are often supported by banks, non-governmental organizations (NGOs), and government development programmes to promote financial inclusion and entrepreneurship.

Apart from financial benefits, SHGs also contribute to social development by improving confidence, leadership skills, and decision-making ability among members. For rural women in particular, SHGs serve as a platform for empowerment and social transformation. Through participation in SHGs, women gain greater control over financial resources and become active contributors to household and community decisions.

Therefore, the present study aims to analyse the impact of Self-Help Groups among rural areas and evaluate their contribution to socio-economic development.

Problem Statement

Although Self-Help Groups have been widely promoted in rural areas to enhance financial inclusion and empowerment, the extent of their impact varies across

regions. While some SHGs have successfully improved income levels and living standards, others face challenges such as lack of proper training, limited financial literacy, poor management practices, and restricted market access for their products.

These challenges may affect the effectiveness and sustainability of SHGs. Therefore, it becomes important to assess whether SHGs are truly achieving their objectives of improving the socio-economic conditions of rural communities. This study attempts to examine the impact of Self-Help Groups among rural areas and evaluate their role in promoting economic and social development.

Objectives of the Study

- To evaluate the improvement in the living standards of SHG members.
- To analyze the social and economic development achieved through Self-Help Groups in rural areas.

Scope of the Study

The study focuses on Self-Help Groups operating in selected rural areas. It examines various aspects such as savings and credit practices, income-generating activities, and the level of empowerment achieved by members through participation in SHGs. The study also analyses the improvement in living standards, decision-making participation, and social and economic development of members.

However, the study is limited to selected rural areas and a sample size of 100 respondents. Therefore, the findings may not represent all SHGs across different regions.

Review of Literature

Recent studies highlight the important role played by Self-Help Groups in promoting rural development and women empowerment.

Ritu Tiwari and Hemant Kathare (2023) [4] examined the contribution of Self-Help Groups to women empowerment and found that SHGs help develop saving habits and provide access to low-interest loans for small economic activities. Their study emphasized that SHG participation promotes entrepreneurship and improves the economic condition of rural women.

Ashwini Pandhare, Praveen Naik Bellampalli, and Neelam Yadava (2024) studied the role of microfinance and entrepreneurship through SHGs in rural communities. Their findings revealed that access to microfinance and participation in group-based economic activities significantly enhance women’s social, economic, and psychological empowerment.

N. V. Suresh, V. Arul Mary Remy, and Vijayalakshmi (2024) conducted an empirical study on women empowerment through SHGs and concluded that SHGs improve women’s decision-making ability, financial independence, and participation in social and community activities.

These studies collectively highlight that Self-Help Groups serve as an effective mechanism for promoting financial inclusion, social empowerment, and sustainable rural development.

Research Methodology

Research Design

The study adopts a descriptive research design to analyse the impact of Self-Help Groups among rural areas.

Research Approach

A quantitative research approach was used for the study. Data were collected using structured questionnaires distributed among SHG members.

Target Population

The target population consists of members of Self-Help Groups operating in selected rural areas.

Sampling Technique

The convenience sampling method was used to select respondents who were available and willing to participate in the study.

Sample Size

A total of 100 SHG members were surveyed for the study.

Data Analysis and Interpretation

Table 1: Improvement in Living Standards of SHG Members

Improvement in Living Standard	Respondents	Percentage
Highly Improved	35	35%
Moderately Improved	40	40%
Slightly Improved	15	15%
No Improvement	10	10%
Total	100	100%

The table indicates that 40% of the respondents reported moderate improvement in their living standards after joining Self-Help Groups, while 35% experienced a high level of

improvement. About 15% reported slight improvement, whereas 10% stated that there was no significant change in their living conditions.

Table 2: Social and Economic Development through SHGs

Level of Development	Respondents	Percentage
High Development	30	30%
Moderate Development	45	45%
Low Development	15	15%
No Development	10	10%
Total	100	100%

The table shows that 45% of respondents experienced moderate social and economic development through SHGs, while 30% reported high development. Around 15% observed low development, and 10% felt there was no significant development.

Findings

- The majority of SHG members experienced improvement in their living standards after joining the groups.
- SHGs helped members increase savings and access credit facilities.
- Participation in SHGs improved confidence, leadership ability, and decision-making skills among women.
- SHGs contributed to increased income and better economic stability in rural households.
- Members reported enhanced social participation and community involvement.

Discussion

The findings of the study indicate that Self-Help Groups play a crucial role in improving the socio-economic conditions of rural communities. Participation in SHGs encourages financial discipline through regular savings and enables members to access microcredit for productive activities. These activities contribute to income generation and improved living standards.

Furthermore, SHGs promote social empowerment by enhancing women’s participation in household decision-making and community development activities. The collective nature of SHGs strengthens cooperation and mutual support among members, which contributes to sustainable rural development.

Recommendations

- Government and financial institutions should provide regular training programmes and financial literacy education for SHG members.

- Greater market access and marketing support should be provided for products produced by SHG members.
- Banks should increase credit facilities and financial support to strengthen SHG activities.
- Skill development programmes should be introduced to encourage entrepreneurship among rural women.

Conclusion

Self-Help Groups play a significant role in improving the socio-economic conditions of rural communities. The study reveals that participation in SHGs contributes to improved living standards, increased savings, financial independence, and enhanced social participation among members. SHGs also empower rural women by strengthening their confidence and decision-making ability.

Overall, Self-Help Groups serve as an effective mechanism for promoting financial inclusion, women empowerment, and sustainable rural development.

References

1. National Bank for Agriculture and Rural Development. Status of Microfinance in India Report, 2022.
2. World Bank. Women Empowerment through Self-Help Groups, 2021.
3. Reserve Bank of India. Financial Inclusion and SHG-Bank Linkage Programme, 2023.
4. Tiwari R. Impact of Self-Help Groups on Women Empowerment in Rural Areas. *International Journal of Social Science Research*, 2023.
5. Sihag R, Vermani S. Self Help Groups: An Approach for Economic Empowerment of Rural Women in India. *Asian Journal of Agricultural Extension, Economics & Sociology*, 2022;40(4):107–113.
6. Mahanta G, Choudhury S. Financial Independence among Rural Women in Assam through Self-Help Groups. *International Journal of Finance & Banking Studies*, 2024.
7. Chaitra CN, Indira M. The Impact of Self-Help Groups on Women's Participation in Decision Making: A Micro Level Study. *International Journal of Management and Development Studies*, 2024.
8. Sajesh VK, Ramasundaram P, Singh P. Impact of Self Help Groups on the Empowerment of Rural Women: A Case of Kudumbasree Programme in Kerala. *Indian Journal of Extension Education*, 2022.
9. Shinogi KC, Krishnankutty J, Varghese E, *et al.* Empowerment of Smallholder Women Farmers through Self-Help Groups in South-West India. *Indian Journal of Extension Education*, 2021.
10. Kakati T. Economic Empowerment and Social Challenges of Women in Rural Assam: A Case Study of Self-Help Groups. *International Education and Research Journal*, 2021.
11. Roy NS, Chakraborty S. Formal Education and Women's Empowerment: A Study of Self-Reliance and Rights Awareness among SHG Participants. *Journal of Educational Analytics*, 2024.
12. Saravanan M. The Impact of Self-Help Groups on the Socio-Economic Development of Rural Household Women in Tamil Nadu. *International Journal of Research – Granthaalayah*, 2016.