Self-Help Groups and Their Contirbution to Economic Development

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Abstract

Self- Help Groups are bringing economic development through by providing micro finance facilities to the vulnerable group of our society. It has positive impact on social, economic and political sphere of life of the people. It works on the principal of collective action, mutual cooperation and collective decision making which aim is to mobilise community towards self-reliance, sustainable development and inclusive growth. It is powerful tool for empowerment of those communities they are facing socio-economic challenges. It helps in the eradication of income-based disparities. It is group of 10-20 people who come together on the voluntary basis to save, lend and invest their money for the common purposes. It is serving as platform for capacity building, skill development and knowledge sharing. It is playing crucial role in women empowerment also. Women are strong pillar of our society. They are vital part of every economy. Now, women empowerment is the need of hour because they represent half population of India.Self -help groups play significant role in fostering economic development and contributing to the achievement of sustainable development goals.

Keywords: *Self-Help Group, Women Empowerment, Economic Development.*

Introduction

Women are an important pillar of our society and nation. They represent half population of the country. They are born leaders but they are confined to household activities. Women are not contributing to the economy as much as they can. If we can include all women into mainstream

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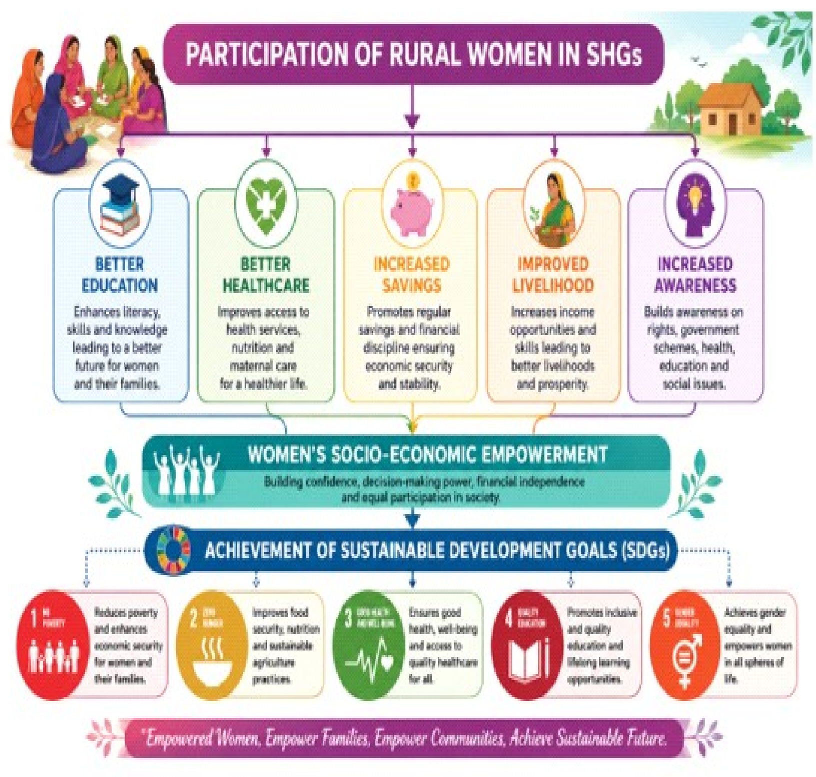
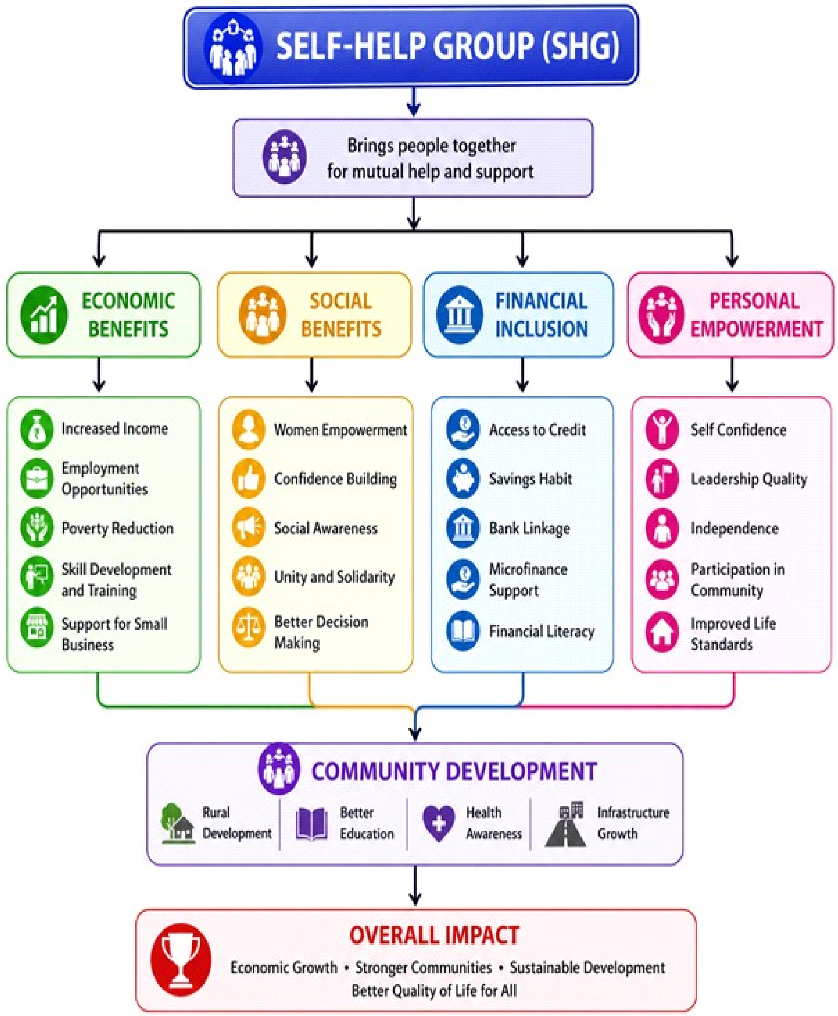
Book Name: Panch Parivartan: A Five-Fold Journey from Tradition to Transformation

Pub: Anu Books. ISBN:978-93-7847-006-6

DOI: https://doi.org/10.31995/book.ab371-a226.ch.20 Plagiarism Report: 19%

the nation will be successful in achieving high inclusive and sustainable growth. It will help in achieving the target of developed Nation @2047.The concept of self -Help Group was propounded by Prof. Mohammad Yunus of Bangladesh in 1972. He was awarded the Nobel Prize for his contribution to alleviating poverty and empowering women in Bangladesh. After this, micro finance has gained more recognition from policymakers, researchers, academicians etc. The United Nations celebrated the year 2005 as the International Year of Microcredit. Self-Help Group is the group of 10-20 members whose aim is to empower group members to get the economic benefits through mutual help and solidarity. Women are being economically independent because it provides micro loans to women entrepreneurs for their businesses. It offers opportunities to enhance the entrepreneurial skill of women. It enhances the decision making ability, and making them self-reliant. Women are being more confident because their exposure with government officials and out of family members has been increased. It promotes saving habits and use of banking facilities among the poor women. It promotes inclusiveness as well as emerged as a crucial micro finance system. Economic empowerment opens opportunities of social upliftment also. The success of Bangladesh Grameen Bank has pushed the notion of Self-help group. In context of India, the National Bank for Agriculture and Rural Development (NABARD) started the Self Help Group in the year 1986-87 but the real effort initiated with the opening of a bank linkage program in 1992. As per annual report of Planning Commission of India 2000-01, the Self Help Group has great potential to work in the direction of women empowerment. The issue of women empowerment becomes relevant and prominent because of increasing gender inequality and discrimination all spheres of social and economic life of women. This term refers to the decision making power of a woman which impacts her life, the sense of self confidence, the right of choice, the sense of self esteem, the right of access to all available opportunities etc.The SHGs can be formed by male members or female members or both. It is voluntary group of the economically backward people who come together to improve their socio and economic well-being. Self help group are working through Deendayal Antyodaya Yojana- National Rural Livelihood Mission (DAY-NRLM) National Rural Employment Gurantee Act. According to Indrajit Roy Chowdhary (2024) stated that self-help group are playing crucial role in social economic development and increasing awareness level of rural women. The World Development Report 2000 recognized three priority areas issue of poverty, promoting economic opportunities and women empowerment and SHGs is the effective measure to break the vicious circle of poverty and other concerned (Ravindra k and et.al 2016). Self Help Groups are sound and effective tool to achieve Sustainable Development Goal 5. The objective of this study is to analyze the contribution of Self help groups in economic development and women empowerment. The total amount of loans provided by banks to women Self Help Groups since inception of the Deendayal Antyodaya Yojana (DAY-NRLM) is Rs. 11,10945.88 crores and outstanding amount is 3,00,342.21 crores (pib.gov.in). This scheme has been able to mobilize over 60 million women into over 6 million SHGs.





Review Literature

Rupali (2019) stated that the government took many steps to enhance the growth of the Self-Help Group in India. This study discussed that there is a need to develop a strategy to reach those areas and States where self help groups could not reach self help groups has a positive impact on the lives of women. The government should look out to those areas where government intervention must help self help groups introduced indoors areas where women empowerment is needed.

Nithyanandhan and Mansor (2014) explained in their study that SHGs played a crucial role in the development of women. It provides opportunities to those women who belong to lower strata to interact with NGOs, Banks and officials of the government. Women will get familiar with public institutions. This study found that the confidence level of these women enhanced. Women are getting credit for their children's education, marriage etc and the construction of houses it held especially vulnerable AVN women. By engaging in income generating activities the women got new identity through self help groups claimed by some members women are being forward and they are practicing in many social activities.

Sayima Geni et.al (2022) concluded in their study that a self help group initiative has created a person for income generating activity and made them capable to come out about the poverty line overall the impact of share positive.

Shireesha (2019) conducted a primary data survey in Chandragiri Manda, Chittoor district of Andhra Pradesh. This study analyzed socio-economic conditions of SHGs. Nearly 38 percent of respondents belong to the age group of 31 to 40 years. Some respondents associated it to enhance their savings and some respondents for being economically independent.

Anil and Sathi (2020) found in their study that self help groups play a vital role in enhancing access to credit in Udhamsingh Nagar district of Uttarakhand. It enables the members to increase their income and saving. It has a positive impact on the living standard and self-confidence of the women.

Karunaratne and Praveen (2024) conducted their study based on secondary data. The positive impact was seen on the life of the women. It works as catalysts for socio - economic development and gender equality in India. Now, women are contributing to inclusive and sustainable development.

Sinha and Chattopadhyay (2023) concluded that SHGs have a positive impact on the economic condition of beneficiary households in West Bengal. Most of the respondents belonged to socially and economically backward classes. Their social status and networking also enhanced after being members of a self help group. The Self help Group provided benefits to most women at the grass root level.

Arunkumar and Mahalaxmi (2022) explained that Self help groups empower the women by providing employment as well as inculcating the habit of saving among beneficiaries in rural areas. Micro financing works as a catalyst to alleviate poverty. This scheme has improved the social and economic status of women in rural areas. The Majority of respondents agreed that SHGs helped in personal and business growth as well as they did not face any difficulty in joining SHGs in Coimbatore city.

Jatin and Rini (2014) explained that Microcredit is the way to provide financial facilities to rural women to uplift their economic and social status. Their involvement has been increased in their family matters.SHGs provide tools to upgrade entrepreneurial skills of women.

D.Rafi et. al. (2021) conducted their study in Rayalaseema region of Andhra Pradesh. They found that after many years of planned development of India women's situation improved but at a slow pace. Many women are still facing lots of difficulties in their life. Self help groups help women beneficiaries in gaining confidence ,taking decisions in their personal family matters and social life, saving habit, entrepreneurial skill, awareness regarding banking services, interest rate etc. It helped in enhancing their living standard and income generating activities a lot. This study analyzed that beneficiaries perceived medium level empowerment in all the dimensions such as psychological, economical, political and social. The bank linked self help groups has major impact on the life of beneficiary respondents in getting social recognition, to developing saving habits, making them self reliant , creating self employment opportunities, improving their self confidence and living standard.

Methodology

The nature of this study is descriptive. The secondary data used for data analysis. The sources of data are government reports, research papers, magazines, websites, journals etc.

Role of SHGs in Economic Development

SHGs are playing crucial role in economic development. It is enabling economically independent to marginalized section of society. As per government data on 31st January, 2025 about 10.05 Crore women households have been mobilized into 90.90 lakhs Self Help Groups (pib.gov.in). Women are getting more exposure and being more confident than earlier. Their social participation increased and decision making power enhanced in their family decisions.

State/UT wise details of the number of households mobilized & SHGs Formed as on 31st January, 2025

S.No.	State	SHGs formed	Households Mobilized
1	Andhra Pradesh	855600	9075289
2	Assam	361516	4111020
3	Bihar	1097100	12713428
4	Chhattisgarh	276375	3068427
5	Gujarat	279758	2783006
6	Jharkhand	291601	3589607
7	Karnataka	360684	4207374
8	Kerala	271209	4002478
9	Madhya Pradesh	487291	5829972
10	Maharashtra	640719	6525549
11	Odisha	551141	5775035
12	Rajasthan	321875	3804161
13	Tamil Nadu	336764	4023939
14	Telangana	442979	4820573
15	Uttar Pradesh	842101	9509884
16	West Bengal	1192980	12251533
17	Haryana	60301	629094
18	Himachal Pradesh	45295	378542
19	Jammu & Kashmir	91445	797805
20	Punjab	52118	543246
21	Uttarakhand	65840	497777
22	Arunachal Pradesh	11730	91964
23	Manipur	11538	117457
24	Meghalaya	45312	444264
25	Mizoram	10291	85934
26	Nagaland	15419	135261
27	Sikkim	5915	56675
28	Tripura	51841	494675
29	Andaman & Nicobar Islands	1294	13194
30	Goa	3891	50735
31	Ladakh	1745	12230
32	Lakshadweep	348	4363
33	Puducherry	4744	59714
34	Daman DIU and NH	1645	16674
	Total	9090405	100520879

Source: pib.gov.in

Poverty Eradication and Women Empowerment

Poverty is major concern for India .SHGs is playing a crucial role in poverty eradication in the rural India today. Ravindra k and Abhay Kumar Tiwari (2016) discussed in their paper that positive relationship is found between poverty reduction, women empowerment and SHGs. According to Anushree Sinha et.al (2012) found in their study that self help group bank linkage programme of the National Bank of Agriculture and Rural

Development has performed well in rural areas in terms of its outreach, income generation, poverty alleviation and empowering people both economically and socially. Females self help groups are performing in terms of loan recovery and per capita income and savings. According to Shiva raj and et.al (2025) Self Help Group and Microfinance is strategic tool of poverty eradication in India.

Employment Generation

Self Help Groups provides employment to large section of society especially women. NABARD has claimed that nearly 83% of the SHG-Bank Linkage Programme covered SC/ST and other backward beneficiaries. However, NABARD does not have any separate scheme for scheduled castes, scheduled tribes. Bihar, Uttar Pradesh, and Andhra Pradesh are performing well with largest number of Self-Help Groups (SHGs) till 2025 and have mobilized the highest number of women households into SHGs (pib.gov.in).

Financial Inclusion

Financial Inclusion is vital instrument to eradicate poverty. It provides banking services at an affordable cost to the vast sections of deprived, vulnerable and low income group. The SHGs –Bank Linkage Programme and other microfinance initiatives by NABARD has played crucial role towards financial inclusion process in India (icrier.org).

Challenges faced by SHGs

Despite the success of SHGs, there are several challenges faced

1. Lack of awareness programs regarding SHGs.
2. There is no insurance coverage for small businesses.
3. There is lack of capital for business expansion.
4. Transparency should be insuring to avoid conflicts among the SHGs members.
5. There is lack of financial literacy among members of SHGs .

Conclusion

Self-Help Groups (SHGs) emerged as a powerful instrument for women's empowerment and promotes inclusive and sustainable development. It provides platform for savings, credit access, and skill development to weaker section of society especially women. It increases women's financial independence through microfinance but also strengthen their confidence, decision-making ability, and participation in social and economic activities. Self Help Groups supported by institutions like NABARD and DAY-NRLM have significantly contributed to integrating rural women into the formal financial system and promotes entrepreneurship. As women gain economic power, it leads to social upliftment, including improved education, health, and living standards for their families and communities. Moreover, SHGs play an important role in tackling the issue of gender inequality by providing women with opportunities to exercise their rights, and actively participate in nation-building. SHGs help in achieving the goals of sustainable development, particularly in achieving gender equality and poverty reduction. In conclusion, SHGs can accelerate progress toward inclusive and sustainable growth in India by empowering women economically and socially. It enhances individual well-being and contributes significantly to the vision of a developed nation by 2047.

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