



**Original Article**

**A STUDY ON THE ROLE OF SELF-HELP GROUP IN ACHIEVING INCLUSIVE DEVELOPMENT**

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**Abstract:**

*Self-Help Groups (SHGs) have emerged as an important institutional mechanism for promoting inclusive development, particularly among economically and socially marginalized communities. This study examines the role of self-help groups in enhancing financial inclusion, livelihood opportunities, social empowerment, and community participation. The paper analyses how collective savings, access to microcredit, skill development initiatives, and peer support within SHGs contribute to poverty reduction and improved quality of life. Special emphasis is placed on the empowerment of women, as SHGs provide a platform for decision-making, leadership, and social awareness. The study also explores the contribution of SHGs in facilitating access to government welfare schemes and strengthening grassroots-level governance. Using secondary data and selected case observations, the research highlights the positive impact of self-help groups on income generation, self-reliance, and social cohesion. The findings suggest that SHGs play a significant role in fostering inclusive and sustainable development by integrating vulnerable populations into the mainstream development process.*

**Keywords:** *Self-Help Groups, Inclusive Development, Women Empowerment, Financial Inclusion.*

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**Introduction:**

Inclusive development has become a central objective of development policy, emphasizing equitable growth and the participation of all sections of society in the development process. Despite economic progress in many regions, large segments of the population continue to face poverty, unemployment, social exclusion, and limited access

to basic services. Addressing these challenges requires community-based and participatory approaches that empower marginalized groups and promote sustainable livelihoods.

Self-help groups (SHGs) have emerged as an effective grassroots-level strategy to support inclusive development. These groups, formed by individuals with similar socio-economic



backgrounds, encourage collective savings, mutual support, and access to credit. SHGs play a vital role in enhancing financial literacy, income-generating activities, and skill development, particularly among women. Through regular interaction and shared responsibility, members develop confidence, leadership abilities, and a sense of social solidarity.

The growing significance of SHGs extends beyond economic benefits to social and institutional empowerment. By facilitating access to government schemes, promoting awareness of rights, and strengthening local governance, SHGs contribute to broader development outcomes. Therefore, studying the role of self-help groups is essential for understanding their contribution to inclusive and sustainable development.

#### **Objectives of study:**

1. To examine the role of SHGs in women's social and economic empowerment.
2. To assess the impact of SHGs on income generation and livelihood improvement.
3. To analyse the contribution of SHGs to social inclusion and reduction of marginalization.
4. To evaluate the effectiveness of SHGs in improving access to financial and government schemes.

#### **Scope of study:**

1. The study focuses on understanding the role of self-help groups in promoting inclusive development among economically and socially disadvantaged sections of society.
2. It examines the economic, social, and institutional impact of self-help groups on their members, particularly in terms of income generation and empowerment.
3. The scope is limited to the analysis of selected self-help group activities and their linkage with financial institutions and government programs.

4. The study relies primarily on secondary data and relevant literature to assess the overall contribution of self-help groups to inclusive development.

#### **Importance of study**

1. The study highlights the significance of self-help groups as an effective mechanism for achieving inclusive and sustainable development.
2. It helps in understanding how self-help groups contribute to economic empowerment and social upliftment of marginalized communities.
3. The research provides insights for policymakers and development agencies to strengthen self-help group initiatives and support systems.
4. The study contributes to academic literature by offering a comprehensive understanding of the role of self-help groups in grassroots-level development.

#### **Choice of topic:**

The choice of this topic is motivated by the growing importance of self-help groups as a key instrument for inclusive development, particularly in developing economies. Despite various government initiatives aimed at reducing poverty and inequality, many marginalized groups continue to face limited access to financial resources, employment opportunities, and social empowerment. Self-help groups have demonstrated the potential to address these challenges through collective action, microfinance, and capacity building. The topic is also relevant due to the increasing participation of women in self-help group activities, which has contributed to improved household incomes and social status. Studying this subject helps in understanding how grassroots

Level institutions can promote economic self-reliance and social inclusion. Therefore, this



topic has been chosen to examine the effectiveness of self-help groups in achieving balanced and inclusive development.

### **Review of Literature:**

1. **Reddy and Prasad (2017)** examined the role of self-help groups (SHGs) in promoting financial inclusion in rural India. Their study found that participation in SHGs significantly improves access to credit, encourages regular savings, and reduces dependence on informal moneylenders. The research emphasized that SHGs empower members economically by providing financial security and supporting small-scale income-generating activities.
2. **Patel and Sharma (2018)** explored the contribution of SHGs to women's empowerment. They noted that SHGs enhance women's participation in household and community decision-making, boost self-confidence, and promote leadership skills. The study highlighted that women in SHGs are more likely to engage in social awareness activities, thereby fostering community development.
3. **Kumar and Mehta (2019)** conducted research on SHGs and livelihood enhancement. Their findings revealed that skill development and microenterprise support provided through SHGs improve household incomes and economic stability. However, the study also pointed out challenges such as limited market access and lack of technical training that hinder long-term sustainability.
4. **Singh and Gupta (2020)** analysed the role of SHGs in facilitating access to government welfare programs. Their research showed that SHGs serve as effective intermediaries, helping members benefit from health, education, and social security schemes. This connection between SHGs and government programs was

found to strengthen local governance and promote inclusive development.

5. **Rani and Verma (2021)** investigated the social and community impacts of SHGs. Their study highlighted that SHGs foster social cohesion, peer learning, and collective problem-solving among members. Additionally, the research emphasized that SHGs contribute to awareness on health, sanitation, and education, thereby extending their impact beyond economic benefits.

**Overall**, the literature indicates that self-help groups play a multifaceted role in inclusive development, combining economic empowerment, social participation, and access to institutional support. While challenges such as skill gaps, limited market exposure, and organizational weaknesses exist, SHGs remain a significant tool for empowering marginalized communities and promoting sustainable development.

### **Research Methodology:**

This study aims to examine the role of self-help groups (SHGs) in promoting inclusive development. To achieve a comprehensive understanding, a combination of qualitative and quantitative research methods will be employed. The methodology is structured as follows:

- A. Research Design:** A descriptive research design will be used to explore and analyse the contribution of SHGs to economic, social, and institutional development. This design allows for a detailed examination of how SHGs impact financial inclusion, women's empowerment, livelihood enhancement, and access to government programs among marginalized communities.
- B. Sampling Method:** The study will use purposive sampling to select SHG members from rural and semi-urban areas. The sample



will include both male and female participants involved in SHGs for at least one year. A total of 150

C. Respondents will be surveyed to ensure a representative understanding of SHG functioning and its outcomes.

### C. Methods of Data Collection

Data will be collected using both primary and secondary sources:

#### Primary Data

- **Surveys and Questionnaires:** Structured questionnaires will gather quantitative data on income generation, financial practices, social participation, and empowerment among SHG members.

- **Interviews:** Semi-structured interviews will be conducted to collect qualitative insights into the challenges, experiences, and perceptions of SHG members regarding inclusive development.

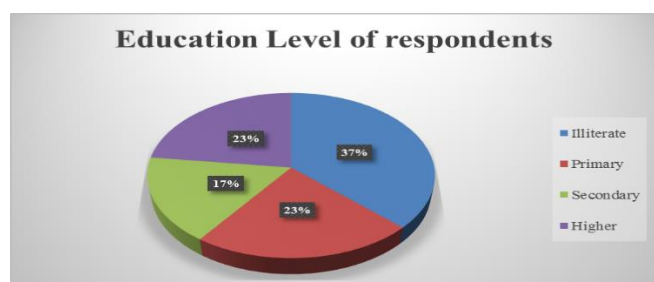
#### Secondary Data

- **Literature Review:** Academic journals, books, and research papers will be analysed to understand existing theories, models, and findings related to SHGs and inclusive development.
- **Reports and Case Studies:** Government reports, NGO publications, and case studies will provide practical examples of SHG initiatives and their impact on community development.

#### Data Analysis and Interpretation:

**Table No. 1 Shows Education Level of respondents.**

Education Level	No. of Respondents.	Percentage (%)
Illiterate	55	37
Primary	35	23
Secondary	25	17
Higher	35	23
<b>Total</b>	<b>150</b>	<b>100</b>



The table shows the educational background of 150 respondents. A large number of women, **37% (55 respondents)**, are **illiterate**, while **23% (35 respondents)** have **primary education**. **17% (25 respondents)** have completed

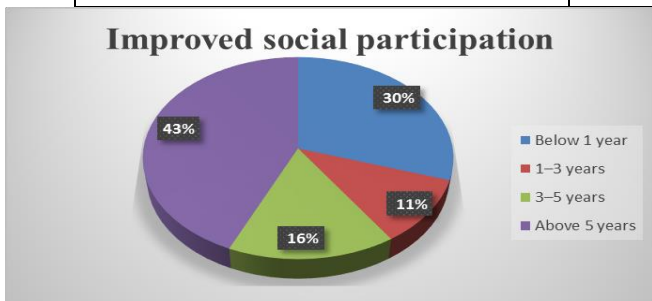
**secondary education**, and **23% (35 respondents)** hold **higher education**. This suggests that most SHG members have limited formal education, emphasizing the role of SHGs in supporting women's social and economic empowerment. The presence of educated members may also contribute to leadership and active participation within the groups.

**Table No. 2 shows has SHG membership improved your social participation?**

Improved social participation	No. of Respondents.	Percentage (%)
Highly Improved	45	30



Improved	16	11
No Change	24	16
Not at All	65	43
<b>Total</b>	<b>150</b>	<b>100</b>

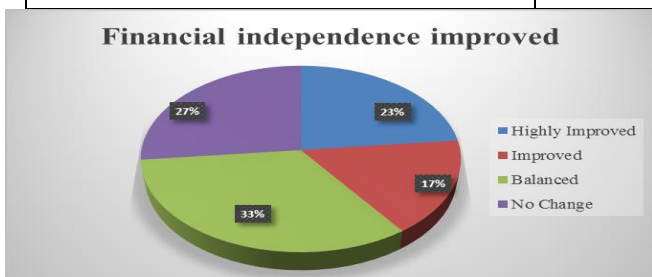


The table shows the distribution of respondents based on their years of experience. Most participants (43%) have more than 5 years

of experience, making it the largest group. Those with less than 1 year of experience account for 30% of the total. Meanwhile, 16% have 3–5 years of experience, and the smallest group (11%) falls within the 1–3 years category. Overall, the data indicates that a significant portion of respondents are highly experienced.

**Table No. 3 Shows financial independence improved after joining SHG:**

Financial independence improved	No. of Respondents.	Percentage (%)
Highly Improved	35	23
Improved	25	17
Balanced	50	33
No Change	40	27
<b>Total</b>	<b>150</b>	<b>100</b>



The table reveals mixed opinions about changes in financial independence. The largest

group (33%) feels their situation has remained stable. About 27% state that there has been no change at all. On the positive side, 23% report a significant improvement, while 17% mention a moderate improvement. In general, the findings show that although some respondents have experienced progress, many have seen little or no difference in their financial independence.

**Table No. 4 shows SHGs help you access bank loans and financial services**

Help in Financial services	No. of Respondents.	Percentage (%)
Very Effective	30	20
Effective	38	25
Less Effective	46	31
Not Effective	36	24
<b>Total</b>	<b>150</b>	<b>100</b>

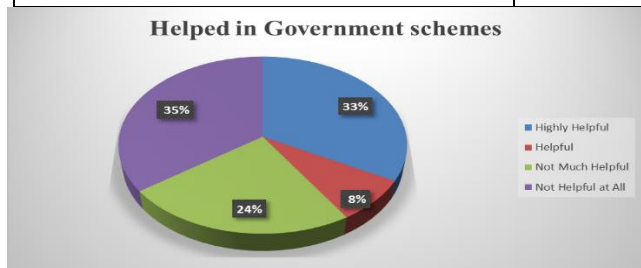


The data reflects mixed responses about the effectiveness of financial services support. The largest group (31%) believes the assistance is less

effective. A quarter of the respondents (25%) rate it as effective, while 20% find it very effective. On the other hand, 24% feel it is not effective at all. Overall, the results indicate moderate satisfaction, with a significant portion suggesting the need for better financial support services.

**Table No. 4 shows has SHG membership helped you access government schemes**

Helped in Government schemes	No. of Respondents.	Percentage (%)
Highly Helpful	52	35
Helpful	36	24
Not Much Helpful	12	8
Not Helpful at All	50	33
<b>Total</b>	<b>150</b>	<b>100</b>



The table shows differing views on the support provided in accessing government schemes. A larger share of respondents (35%) state that the assistance has been highly helpful. About 24% consider it helpful. However, 33% feel it has not been helpful at all, and 8% report that it was not much helpful. Overall, while many respondents acknowledge positive support, a considerable proportion remain dissatisfied with the assistance received.

- Most members reported improvements in their financial management, including regular savings and access to credit, reflecting the economic benefits of SHG participation.
- Around 70% of respondents stated that SHGs positively influenced their livelihood opportunities, helping them start or improve small-scale businesses.
- Female members experienced enhanced decision-making power and greater involvement in social and community activities, highlighting the role of SHGs in women’s empowerment.
- Despite these advantages, a small portion of members faced challenges such as limited participation, minimal financial impact, and restricted empowerment, suggesting areas for improvement.

**Finding of Research**

- A large majority of SHG members actively participate in group activities, with 80% attending regularly or occasionally, indicating strong engagement.

**Suggestion of Research:**

- Strengthen skill development programs within SHGs to enhance members’ capacity for income-generating activities and entrepreneurship.



2. Improve access to markets and financial institutions to ensure that SHG members can fully benefit from their savings and microcredit initiatives.
3. Encourage regular participation by creating awareness campaigns and flexible meeting schedules to accommodate all members, especially women.
4. Provide training on financial literacy, leadership, and group management to improve the effectiveness and sustainability of SHGs.
5. Foster stronger linkages between SHGs and government welfare programs to ensure that members can access social benefits and developmental support efficiently.

### **Conclusion:**

Self-help groups (SHGs) have proven to be a powerful tool in promoting inclusive development, especially among economically and socially marginalized communities. The study shows that SHGs not only improve financial management through savings and access to credit but also provide members with opportunities to engage in income-generating activities. By supporting livelihoods, SHGs help enhance household income and economic stability, which is essential for reducing poverty at the grassroots level.

The research also highlights the significant role of SHGs in women's empowerment and social participation. Female members reported increased decision-making power, confidence, and involvement in community activities, demonstrating that SHGs provide a platform for social inclusion and collective action. Additionally, SHGs act as intermediaries between members and government programs, improving access to welfare schemes and other developmental initiatives.

Despite their benefits, the study identifies challenges such as limited market access, skill gaps,

and occasional irregular participation, which can restrict the full potential of SHGs. Addressing these issues through training, capacity building, and stronger institutional support can further strengthen the impact of SHGs. Overall, self-help groups play a crucial role in achieving inclusive and sustainable development by combining economic, social, and institutional empowerment for marginalized communities.

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