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Original Article

Examining the Impact of Self-Help Groups on Socio-Economic Development in Rural Karnataka: An Empirical Study

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Abstract

SHGs and women empowerment in rural India In India, self-help groups have played a significant role in women empowerment and have also helped improve rural socio-economics. Self-Help Groups (SHGs) in Karnataka SHGs have emerged as a critical tool for poverty alleviation, financial inclusion, and demand creation for women empowerment. The objective of this study is to analyze the socio-economic development in rural Karnataka due to SHGs and also to study the contribution of SHGs on their members to generate income, credit, skill development, and community participation. The research drew on variables from qualitative and quantitative data from rural households, members of self-help groups and local development officials. It can be inferred that women involved in SHGs are financially more empowered, enjoy better access to credit and have contributed to overall increase in household income. In addition to this, SHGs have also contributed to cohesion and participation in the community. Nevertheless, these efforts continue to face problems including low levels of financial literacy, poor institutional support systems and regional differences in the effectiveness of self-help groups (SHG). Concluding, the study shows that SHGs can be an effective instrument for rural reconstruction but suggests improvements in capacity building, financial enhancement and institutional support in order to maximize the effect of SHGs.

Keywords: *Self-Help Groups, Socio-Economic Development, Rural Empowerment, Women's Empowerment, Karnataka*

Introduction and background related to the study

SHGs have surfaced as one of the most significant instruments for rural development in India creating avenues for communities, especially women, to overcome issues associated with poverty, unemployment, and financial exclusion. SHGs are usually small voluntary associations of people (often low-income) who come together in a group primarily to save, lend to each other, and earn (Satyapriya & Ghosh, 2018). These groups have evolved from their original focus on thrift and credit to become important rural development agents, enhancing women's economic autonomy and access to resources with a concomitant enrichment of communities' social capital (Agarwal, 2001). Providing ample opportunity to improve livelihood participants, especially women, are realised the importance of SHG as agent for poverty alleviation programmes and committed to create assets for sustenance of life and economic well-being for majority of the households across more than half of the states of India are still prone to high level social and economic problems as a large proportion of population remained economically in secured(Agarwal, 2001; Deininger & Liu, 2013). SHGs have proliferated in Karnataka under the broader framework of rural development state initiatives including government schemes like the National Rural Livelihoods Mission (NRLM) and state-driven initiatives which have been developed as developmental measures for the rural sector and poverty alleviation (Satyapriya & Ghosh, 2018). The state of Karnataka has combined its divide of agrarian and non-agrarian communities into integrating SHGs into its development strategy improving access to finance, skill-building and entrepreneur opportunities with SHG for rural women.

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Women self-help groups have been a powerful source of empowerment for rural women by offering easy access of micro-finance to generate income, and providing an avenue for social engagement through community-driven decision-making (Satyapriya & Ghosh, 2018; Bhatt, 2015).Despite rapid expansion and significant increase in numbers, the effect on socio-economic variables have yet to be similarly as comprehensively explored, particularly in the case of rural Karnataka, where most of the resources and institutional support is concentrated in a few regions (Deininger and Liu 2013). Various studies have focused on the significance of self-help groups in India especially in terms of financial inclusion and poverty alleviation (Chaudhary, 2020). · They provide savings, loans and credit beyond the bank, to those without access to these services (Banerjee, Duflo, Glennerster & Kinnan, 2015) Social changes are also reported as SHGs tend to strengthen solidarity among their members and how they become active members of their communities, both with economic cooperation as well as social engagement (Mansuri & Rao, 2013). Moreover, membership in SHGs has also been associated with increased access to government schemes and services, especially in the health sector, education and infrastructure development (Ravindra & Ramesh, 2019). However, there are some challenges faced in the implementation and sustainable development of SHGs in India such as the resource crunch, entrepreneurship skill gap, and poor institutional linkages with the local government (Sharma & Kiran, 2018). Such obstacles usually curtail the ability of SHGs to be catalysts for sustainable socio-economic development gains and therefore they are often context-sensitive, and their success is contingent upon the degree of external support (Mansuri & Rao, 2013). Considering the importance being attacked by policymakers to SHGs and also their limitations, it becomes imperative to conduct a detailed investigation on the role of SHGs in bringing about socio-economic change in rural Karnataka. Thus, this research attempts to examine the effects of SHGs on household income, women's empowerment and on community participation and to discover major bottlenecks limiting the full benefits of SHGs. This study seeks very specific relationship between group dynamics of self-help groups and effectiveness of those groups to reach its goal and thus contribute to the sustainable development of local [Read More] socio economic set up and its challenges, by analyzing on certain context in rural Karnataka (Ravindra & Ramesh, 2019).

Research Problem

Despite the large number of Self-Help Groups (SHGs) formed in many parts of Karnataka as part of the various rural development interventions to stimulate economic empowerment, social inclusion and financial literacy, there is a dearth of empirical literature on the longer-term effects of SHG on socio-economic outcomes of rural households, especially income, income generation and employment, and the social role of women (Agarwal, 2001; Deininger & Liu, 2013). The literature has documented the broad role that SHGs play in rural development but only a limited number of studies observe the effect of SHGs over a long-time period or assess the impact of this organization on the composite outcome of well-being, especially in terms of financial security and social power (Sharma & Kiran, 2018). Although SHGs have been seen as a process with true potential in the field of poverty reduction and socio-economic equality by making credit and resources accessible to the poor women, not much is known about their effects—· Indirect and direct—on the key broad socio-economic indicators, such as, household income, employment, and women empowerment (Agarwal, 2001). Moreover, research on SHG impacts extends little beyond the measurement of financial inclusion benefits on the lives of SHG members, when in fact evidence indicates that SHGs positively affect the development of social capital, community cohesion, and women empowerment in rural areas — processes that may be significant but remain largely unexamined (Mansuri & Rao, 2013). A lack of rich, context-specific empirical evidence on SHGs and their impacts in Karnataka hampers efforts to develop sound policies and practices that would be required to sustain, and further strengthen, their contribution to meaningful rural development (Ravindra & Ramesh, 2019). Since rural households, particularly from economically disadvantaged communities, largely depend on agriculture and informal work for their livelihoods in Karnataka, unpacking the precise role SHGs play in bringing about favourable changes in socio-economic outcomes for these groups is particularly pertinent. We attempt to fill this gap by presenting a long-term socio-economic impact analysis of SHGs on income, employment and women empowerment in Karnataka and discuss key implementation challenges and enabling factors for SHG to contribute to sustainable rural development.

Literature Review

Concept of Self-Help Groups (SHGs)

Self-Help Groups (SHGs) are informal groups of people usually 10-20 in number, who join hands with the objective of bringing improvement in their livelihoods, access to capital and social welfare (Seibel & Aghion, 2001). The most unique feature of SHGs is solidarity; their modus operandi involves collective decision-making, pooled savings and credit facilities to overcome common financial and social problems. The beneficiaries are mostly marginalized parts of society and particularly women that get the access, opportunity and resources to speak up on economic issues, earn a livelihood, and improve their social status (Satyapriya & Ghosh, 2018). SHGs are meant to operate in a decentralized and self-governing process where the members take control and help one another solve their own economic issues together (Satyapriya & Ghosh, 2018). SHGs are one of the most effective means of rural development and the informality and self-governance of SHGs empowers rural people, especially in backward areas. Such communal groups encourage collective responsibility and decision-making, thus improving social cohesion and creating vertical spaces for solving issues in rural areas (Seibel &Aghion, 2001).

SHGs in Rural Development

Self-help groups (SHGs) have been widely promoted as a tool for attaining economic independence, primarily centred on financial inclusion, income generation, and entrepreneurship for rural women in India (Satyapriya & Ghosh, 2018). SHGs have had one of the most important (albeit indirect) impacts in improving access to savings and credit facilities in rural areas, which for a vast majority of rural households and women would remain inaccessible in the absence of this mechanism, especially in the less-banked regions (Banerjee et al., 2015). SHGs offer small loans for income-generating activities (Satyapriya & Ghosh, 2018), which can range from small-scale enterprises to livestock farming and agriculture, increasing women's economic activity outside traditional implements of income, such as subsistence agriculture and wage labor. SHGs have played a pivotal role in skills development as well by conducting training workshops, skill-based activities, and entrepreneurship programs for their members, which has enhanced their ability to involve in income-generating actions and petty businesses (Ravindra & Ramesh, 2019). Through these very few opportunities rural women can enhance their livelihoods and possess skills that they can utilize to diversify their income generating sources and ensure long term sustainability along with poverty alleviation (Bhatt, 2015).

The Role of SHGs in Women's Empowerment

Self-help groups (SHGs) have played an especially significant role in the empowerment of rural women. Research has shown different domains where SHGs have brought the most change, for example, empowerment in terms of finance, social positions, and in decision-making. Access to credit and other economic resources through SHGs also appears to enable women to be more active decision makers in the household and empowers them to challenge patriarchal practices which undermine women (Agarwal, 2001). In addition, SHGs have also promoted business and leadership opportunities for women in these groups, leading to their social and self-empowerment (Bhatt, 2015). Collectively, this helps women to express their stories, acquire knowledge from others, assume leadership positions that were previously unavailable to them and ultimately gain a higher social status, as well as promote their participation in local politics and general life (Satyapriya and Ghosh, 2018). While in certain instances some findings argue that SHGs have only translated into some form of political empowerment in their participation in local governance institutions like the Panchayats or even shaping decisions at the village level (Chaudhary, 2020).

Challenges and Limitations of SHGs

While SHGs have made a positive contribution but are still faced with a lot of challenges that affect their overall effectiveness in some regions. The observed dearth of training and low levels of financial literacy among SHG members is a significant problem in terms of the viable sustainability of an SHG and for the successful performance of any business (Ravindra & Ramesh, 2019). The absence of a technical background to run businesses or manage finances among majority of women SHG members, especially in rural and very remote places, results in misuse of resources, and, at times, the non-viability of income-generation activities. Then, poor access to formal finance is also a challenge as many SHGs are not able to borrow from institutional agencies and have to rely on informal credit agencies, which not only are often expensive, but do not also fall under a proper regulatory framework (Deininger & Liu, 2013). Moreover, exposures of the organizational management of SHGs itself, where some of the groups grapple with a leadership deficit, frequent internal conflicts, and discontinuity. As a result, failure is costly in terms of sustaining member engagement, accessing outside finance, and creating sustainable socio-economic impact (Mansuri & Rao, 2013). The limitations of SHGs to grow larger, become more creative, and thereby contribute marginally to sustainability are also attributed to these barriers (Ravindra & Ramesh, 2019). Thus, the challenges faced by the SHGs such as training programmes, credit support/cover and institutional support needs to be addressed effectively so that SHGs can contribute optimally to the process of rural development.

Research Questions

1. How have SHGs contributed to the socio-economic development of rural households in Karnataka?
2. What is the role of SHGs in promoting women's financial inclusion and empowerment in rural areas?
3. What are the barriers to the effectiveness of SHGs, and how can they be mitigated?

Research Objectives

1. To assess the impact of SHGs on income generation and household economic stability.
2. To evaluate the role of SHGs in enhancing women's empowerment and social inclusion.
3. To explore the challenges faced by SHG members in rural Karnataka and identify factors that influence the success of SHGs.

Research Methodology

Research Design

The socio-economic impact of Self-Help Groups (SHGs) on households and members in rural Karnataka: a mixed-methods, empirical research design We justify the mixed-methods design for a comprehensive potential diversified impact of the SHGs, which are not only measured in terms of economic dimensions of income generation, savings and employment, but also in terms of the subjective social dimensions of skills transfer, collective living and leadership of women (Creswell & Plano Clark, 2018). In the quantitative aspect of the study, structured surveys were conducted to a sample of SHG members based on details of household income, savings and involvement in SHG programs. Qualitative: Semi-structured interviews with SHG members, and also focus group discussions with women in the communities on their experiences, perceptions on empowerment, and social dynamics in the groups (Krueger & Casey, 2015) This mixed-method makes it possible to triangulate the data which will contribute to both quantitative data as a statistical evidence of socio-economic impacts as well as qualitative data that will shed light on the personal and social dimensions of SHG participation (Bryman, 2016).

Study Area

The study focuses on rural districts in Karnataka, specifically Mysuru, Mandya, and Belagavi. These districts were chosen because they represent diverse agricultural and socio-economic characteristics that reflect the variety of rural conditions found in Karnataka. These regions have a high concentration of SHGs, supported by state-level policies like the National Rural Livelihood Mission (NRLM), and are central to rural development initiatives in Karnataka (Satyapriya & Ghosh, 2018). Mysuru and Mandya are more agriculturally driven, while Belagavi has a mix of agriculture, small-scale industry, and service sectors. This geographical variation is crucial for understanding how SHGs function across different socio-economic contexts within the state.

Data Collection

Primary Data

Structured questionnaires were employed to collect primary data on various socio-economic variables, including income levels, savings, employment status, and SHG engagement. These surveys were handed over to the 250 SHG-linked rural households across the three districts. Besides, 30 SHG members were interviewed semi-structured to elicit qualitative insights into their personal experiences, the challenges they faced and the perceived empowerment, social inclusion and cohesion benefits they received from SHG participation. Discussion was also done with focus groups with SHG members to understand their collective experiences and their perspectives on SHG functioning and the socio-economic outcomes it facilitates. This mixture of structured and semi-structured formats offered a blend of in-depth statistical exploration and contextualization of the participants lived experience (Bryman, 2016).

Secondary Data

Secondary data were gathered from government reports, rural development department records, and academic publications to contextualize the findings and support the primary data. Reports from government bodies, such as the Karnataka State Rural Livelihood Promotion Society (KSRLPS), provided data on the number of SHGs in the region, the amount of loans disbursed, and the outcomes of various rural development initiatives. Academic publications on SHGs in Karnataka helped frame the current study within the broader body of knowledge on rural development and women's empowerment (Satyapriya & Ghosh, 2018). These sources offered a foundational understanding of the historical and policy context of SHGs in Karnataka.

Sampling Technique

We employed stratified random sampling to ensure that the sample of households and the SHG members were representative of the socio-economic diversity in the rural communities of Karnataka. The sample was stratified on income, education, type of agricultural activity and the duration of belonging to Self-Help Groups (SHG) to ensure representation of all subgroups of interest in the population (Teddlie & Yu 2007). In total, 250 household and 30 SHG are selected from three selected districts to participate in the study. This sampling technique was important in obtaining a broad range of experience and impact in relation to SHGs from differing socio-economic status.

Data Analysis

The **quantitative data** were analyzed using descriptive statistics and regression models to assess the relationship between SHG participation and key socio-economic outcomes such as income, savings, and employment. The **qualitative data** from interviews and focus group discussions were analyzed using **thematic analysis**, which involved identifying common themes and patterns related to empowerment, social inclusion, and community participation. Both sets of data were integrated to provide a comprehensive assessment of the socio-economic impact of SHGs in rural Karnataka (Braun & Clarke, 2006).

Results and Findings

Socio-Economic Profile of Respondents

Importance of SHGs in rural Karnataka can be understood from the socio-economic profile of the respondents. The age distribution of the respondents indicates that the majority (56 per cent) were aged between 30 and 50 years or at least the age group representing the backbone of working population of rural India (Agarwal, 2001). It is an important demographic since those belonging to this age bracket are generally in their active working years and play a major role in income-producing activities and community development efforts (Satyapriya & Ghosh, 2018). Most of the respondents (71%) had low literacy levels while relatively few (12%) had conducted formal education beyond the secondary level. Part of this indication is that they have some education; however, barriers exist in access to higher education for rural communities, limiting access to advanced skills and opportunities (Mansuri & Rao, 2013). In terms

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of income levels, 65% of the SHG members who were surveyed claimed an increase of household income after joining SHGs the average rise of household income has been shown to be nearly 22% over what was before participation. The financial significance of self-help groups in improving the livelihood of rural households is reflected in this improvement (Deininger & Liu, 2013). Occupation that was reported by most individuals was agriculture (58%), followed by small scale trading (24%), and handicrafts (18%). The nature of these main and secondary occupations indicates that agriculture is still heavily dominant among households in rural Karnataka, and that SHGs are playing a role in enabling small businesses and non-agricultural activities and leading to some degree of diversification of livelihoods (Satyapriya & Ghosh, 2018).

Impact on Livelihood and Employment

Now, one of the findings of this study is that self-help groups have led to a very large impact on livelihoods and employment in rural Karnataka. SHG membership was reported to have enhanced better job prospects, with respondents citing that many small enterprises were set up, particularly in the retail, dairy and food processing sectors. Around 38% of the members reported having started a new enterprise since joining the SHG and 52% had been able to diversify their income base, resulting in increased economic stability and resilience (Agarwal, 2001). It was told that the income earned from these activities allowed households to diversify their livelihoods, access basic amenities, education and healthcare. Similar to earlier research which suggested that SHGs act as a powerful instrument for poverty alleviation and economic empowerment in rural India (Chaudhary, 2020; Bhatt, 2015) our findings also support this trend.

Impact on Women Empowerment

The second important finding of the study is that SHG participation empowers women. In the study, both at and at the community women reported enhanced decision-making ability in and around their households. More than 70% of women respondents said they had become more confident and assertive in financial decisions at home, consistent with results from other studies showing improvements in women's financial autonomy in areas served by self-help groups (SHGs) (Deininger & Liu, 2013). Additionally, a significant portion of the female participants (68 percent) reported being in leadership positions within their self-help groups (SHGs), such as in meetings, financial management, and in advocacy efforts. Women began to be respected in their families and communities through these roles and thus challenged traditional gender roles (Agarwal, 2001). With respect to socio-political empowerment, women mentioned greater social participation in local governance and public forums (Satyapriya & Ghosh, 2018).

Environmental Sustainability

In few study areas SHGs have also demonstrated efforts for environmental sustainability through promotion of sustainable agriculture practices. About 30% of SHGs in the study areas were engaged in the area of organic farming, soil conservation and water management work. Within these groups respondents economically linked productivity to better quality of soil and reaping the benefits of a well-managed water harvesting, most of them through rainwater harvesting systems and appropriate irrigation techniques (Kerr, 2002). The notion of sustainability in agricultural practices is promising as it illustrates how SHGs can instill environmental sensitivity and practices among the village population (Pretty, 2008). This result echoes the literature that mentions that SHGs do not only lead to better financial outcomes but also extend the impact to environmental sustainability encouraging best practices in agriculture (Deininger & Liu, 2013). Farmers in those regions acknowledged that these new practices had made a difference, both in terms of lowering their environmental impact and increasing agricultural yields in the long run.

Major results

Based on a sample of 30 SHG members and 250 rural households across Karnataka, the data showed that SHGs have a strong positive influence on the socio-economic status of participating householders, positively impacting income generation, empowerment of women, and participation in local development, with 65% of members reporting an increase in household income of 22% on average since joining (Satyapriya & Ghosh, 2018); many SHG members (52%) diversified their income sources through small businesses, handicrafts or agriculture, developing new businesses (38%) including small retail shops, dairy farms and food processing businesses, which is in accordance with the leadership and household decision-making power (48%) reported as improved for many women participants, while 68% of them had gained confidence as leaders in the SHG contributing to local governance and community decision-making as well as enhancing gender equality and increasing social participation (Agarwal, 2001); moreover, financial inclusion was positively affected, as SHG access led to 72% of members reporting access to credit and using loans for small businesses or agricultural improvements – a significant issue in this region where access to formal financial institutions is limited (Deininger & Liu, 2013); the findings pointed to environmental sustainability as a being a bigger issue for 30% of SHGs in the study area promoting sustainable farming practices such as organic farming, rainwater harvesting, efficient irrigation and soil quality and water management improvements, in line with community-based natural resource management (Kerr, 2002; Pretty, 2008); despite these positive contributions, significant challenges remained to hinder the full potential of SHGs, with 45% of members reporting they lack the necessary skills to grow their business independently and manage finances effectively, alongside insufficient institutional support and

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inadequate access to external funding as the most frequently mentioned obstacles by 52% of respondents, similar results seen in a study carried out by Ravindra and Ramesh (2019) which concluded that limited financial literacy and the lack of external finance constraints the scalability and sustainability of SHGs; also regional disparities persisted in SHG effectiveness, with economic empowerment and social inclusion outcomes being greater in some districts than others, likely due dependency on effective institutional support and higher community participation; with these results pointing towards the long-term effectiveness of SHGs depending on policy coordination at both the state and local levels to improve local governance structures (Mansuri & Rao, 2013) overall suggesting that whilst positive outcomes SHG experience positive outcomes, these are not stable and thus will benefit greatly from policy improvement attention aimed at improving financial literacy, entrepreneurial skills and local community engagement to be achieved sustainably in the long-term.

Discussion related to the study

Consistent with prior research suggesting the potential role of self-help groups (SHGs) in reducing the level of poverty, enhancing social inclusion and further suggesting the possibility of an overall increase in economic sustainability and growth within these alienized rural communities (Satyapriya & Ghosh, 2018), the outcomes of the present study further reinforces the importance of SHGs as effective structure for socio-economic development of women, particularly those of rural Karnataka. SHGs have shown potential in enhancing income and employment opportunities of rural families, especially by way of setting up microenterprises and income diversification (Bhatt 2015). Consistent with the results of a previous study undertaken in India (Deininger and Liu2013 based on 238 completed interviews) 65 percent of SHG members in this study reported higher household income after joining the Group and the majority also reported attaining higher financial autonomy and decision-making power within households. The effects also reflect the economic empowerment is member of the self-help groups, specifically the women of the self-help groups, do not get accessing money to do business (Agarwal, 2001). SHGs help women to participate even in leadership roles and hence contribute to their wider social empowerment, as these groups offer them the best opportunity to combat patriarchal traditions by earning an identity of their own (Satyapriya & Ghosh, 2018). This is in tandem with the larger findings in the literature that SHGs contribute to building social capital, leadership skills and self-esteem of women |which has a transformative impact on the social and economic status (Chaudhary, 2020). But in spite of these benefits, some issues still exist that constrain the long-term sustenance of SHGs and their contribution to rural development. The limited financial literacy among SHG members is one of the important challenges in their way identified in this study. Money Mistakes to Avoid Resonance people said they struggled with loans, savings, and investment opportunities due to lack of financial literacy. The lack of insufficient financial literacy is a hindrance as this restricts the functioning of SHGs since the members cannot make the sound decision regarding finances which automatically leads to the stagnation in the business (Ravindra and Ramesh, 2019). The cited challenge reinforces the concept that financial literacy programs should be much broader to provide skills for SHG members to be successful in managing finances and using the opportunistic nature of the SHG loans and resources to their full potential (Ravindra & Ramesh, 2019). Another issue is lack of training on entrepreneurship. Even though SHGs have enabled access to credit that has led to income generation, the entrepreneurial skill gap has led to the hesitation of members in developing and managing their small businesses. The research indicated that, of these, 38% of SHG members had started new enterprises, but many reported not having such skills as business planning, marketing and finances. The lack of information on best practices in entrepreneurship to ensure the success of the business they started restricts the full realization of SHG members benefiting economically in the long run (Satyapriya &Ghosh, 2018). The skills required for these include business development, marketing, and accounting practices, which should be taught in such a manner that the SHG business achieves sustainability (Mansuri & Rao, 2013). There also existed regional discrepancies in the effectiveness of SHGs, as districts that were successful in improving incomes, diversifying business, and empowering women, in general, were found to be hampered by factors such as weak institutional support, poor implementation, and low levels of local community engagement. This further reiterates the need for institutional facilitation and ownership for functioning of SHGs (Deininger & Liu, 2013). SHGs have great potential — not only at the micro-level to improve the lives and incomes of women by giving them greater control over their economic fortunes but also at the macro-level by contributing to socioeconomic development and poverty eradication. For this however, the institutional architecture which supports SHGs will have to be fortified, along with other measures to enable SHGs to fulfil their potential. Moreover, expanding community involvement as well as local ownership in SHGs is important to break down geographical differences and ensure these groups are suited to the specific demands and contexts of particular communities (Chaudhary, 2020). The study thus reaffirms the essential role of SHGs in socio-economic development and women empowerment in rural Karnataka, but also highlights the continuing and critical challenges, which need to be addressed for enhancing long term sustainability of SHGs. To optimize the potential of SHGs for realizing sustainable rural development and improve the status of marginalized communities, there is a need for financial literacy programs, entrepreneurial training, and institutional support.

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Policy Implications

The key findings of this study pointed towards some policy recommendations to strengthen SHGs as an instrument for achieving faster and sustainable socio-economic development of rural Karnataka. For one, a stronger institutional push for SHGs is needed. SHGs certainly have some positive impacts, but, on the other hand, many groups are deprived of continuous support from local institutions, including poor access to finance, assistance and capacity building (Ravindra & Ramesh, 2019). Strengthening the local institutional support structure will go a long way in strengthening this ecosystem, right from the gram panchayat and local governance bodies to financial institutions who enable the SHGs and related initiatives around the country to operate sustainably and grow further. This is possible through enhanced coordination among banks, micro-finance institutions, and government development programs to enable SHGs to receive low-interest financial loans and technical knowledge (Mansuri & Rao, 2013). Also, government schemes should include training programs for business management and financial management for SHG members so that they can run their businesses and savings more efficiently. Fintech can further the effective role of SHGs for instance, financial literacy and skill development. Despite the incorporation of income generating activities leading to financial inclusion, a significant number of members especially women do not possess financial literacy skills needed to cope with loans and savings (Deininger & Liu, 2013). Ideally, training programs must also improve members' knowledge on budgeting, savings, investment techniques, and credit management to help them get the most out of their finances and preserve her businesses. Also, the entrepreneurial training programmes should be context specific, considering local demands and catering to sectors like agriculture, livestock and small retail, which account for the main sources of livelihood for rural families in Karnataka (Satyapriya & Ghosh, 2018). SHG members who cultivate essential business skills are more successful in diversifying their income, increasing productivity and reducing exposure to economic shocks. Finally, we need to improve access to government schemes related to rural development and financial inclusion. Though different programmes like NRLM run (National Rural Livelihoods Mission) to support the SHGs, these are not accessible freely owing to bureaucratic hurdles, low level of awareness and bad implementation of the same for most of the SHGs (Bhatt, 2015). Facilitating easy access to these schemes and building awareness at the grassroots level would help SHGs capitalise on the resources available to them to scale up their activities, outreach, and functional effectiveness. Lastly, gender-sensitive support should be the principle guiding government policies, which should be able to facilitate women in becoming self-sufficient and minimize gender disparity by appropriately catering to their needs (Agarwal, 2001). These recommendations can help policy work towards SHGs that are more sustainable and impactful, aiding deep transformative change for development in Karnataka and beyond.

Limitations of the Study

There are limitations to this study that need to be taken into account when the results are interpreted. However, there are also limitations in findings that a few shortcomings must be acknowledged: first is the geographical scope of the study; this study was only conducted in selected districts of Karnataka-Mysuru, Mandya and Belagavi, and therefore the findings of the study may not be generalized to other rural parts of the state or India. The districts selected are characterized by a moderately high presence of Self-Help Groups (SHGs) and a variety of agricultural and socio-economic contexts. Yet, since the effectiveness and implementation of SHGs may vary regionally and the experience of these selected districts may not reflect what is happening in other regions that have different levels of institutional support or socio-economic conditions (Satyapriya & Ghosh, 2018), Thus, the results may not be generalizable to all rural communities in Karnataka, or elsewhere in India where SHGs operate in different local contexts (Mansuri & Rao, 2013). Third, the research used self-reported information from questionnaires, interviews, and focus group discussions with SHG members. Even though self-report data has an advantage to elicit information regarding participants' feelings and experiences, it suffers from biases like social desirability bias and recall bias (Bryman, 2016). It is possible that respondents overreported positive outcomes or underreported negative outcomes to make their involvement in SHGs appear better, especially for sensitive questions such as income or business success, and social empowerment. This creates the risk of exaggerated perceived impacts of SHGs that could bias the data, and moreover, exaggerate the economic and social benefits of SHG participation (Deininger & Liu, 2013). Additionally, it can also lead to respondent selection bias e.g, if better-off SHG members respond to the study – it runs the risk of falsely representing the impact of SHGs. Lastly, the study method is restricted to sampling, for which the study used a stratified random sampling to select households and SHG members, but the sampling could still be limited. The number of selected both families (250 families) and SHG members (30 members) is also so small that it may not reflect all experiences of people, especially residing in remote or marginalized areas of the selected districts (Satyapriya & Ghosh, 2018). Furthermore, there were few long-term impacts of SHGs available as data on the sustained survival of microenterprises or wider community level impacts of SHGs were not assessed preventing full long-term impact assessment of SHG groups.

Future Research Directions

This study sets the platform for further research, to increase the scope of this study to more districts and regions across Karnataka and other states in India. Though, this study concentrated only on the districts of Mysuru, Mandya and Belagavi, the implications of (SHGs) Self-Help Groups might be larger heterogeneous in a broad spectrum of socio-economic as well as cultural settings. Such variation in institutional context, availability of resources and community engagement in SHGs indicate that the impact of these groups is not homogenous across regions (Mansuri & Rao, 2013). The implications of such a characteristic is for future studies to include a broader array of geographical areas, such as different rural environments that often have limited access to outside assistance and resources (Deininger & Liu, 2013) as that could provide more insights to the different mechanism through which SHGs operate amongst youths in different types of villages. Besides increasing the geographical reach, future research needs to look at differential sector composition impacts of SHG participations. Many SHG members participate in income-generating activities (agriculture, small-business and trade, and handicrafts), This study, however, highlights that research on its effect (participation in SHG) on improving outcomes in different sectors (agricultural development, livelihood diversification and women operated small enterprises) is scant (Satyapriya & Ghosh, 2018). Future studies should investigate the contribution of SHGs in various sectors of the economy, thereby facilitating such policies and interventions to be targeted specifically on sectors possibly with high growth and impact potential. This would also assist in flagging the gendered nature of particular economic sectors, which also aids in looking a t the specific challenges that women and other minorities face (Chaudhary, 2020). Lastly, more studies need to investigate long-term effects of SHG participation, e.g., on intergenerational socio-economic mobility. This study finds short term gains in income and social empowerment, but in the end the sustainability of these gains and whether SHGs act as a vehicle for a family to rise permanently up the economic ladder remains to be seen. Research into the intergenerational effects of SHG participation on the schooling and employment outcomes of children, as well as those on socio-economic status more broadly, would help better establish the sustainability of their impacts and their role in escaping poverty (Ravindra & Ramesh, 2019). They can also examine whether membership in SHGs means more than just a new normal for the younger generation and measure how much fundamental social mobility occurs, and also measure how far the revolutions of empowerment of women actually create a ripple effect in the wider society over time (Bhatt, 2015).

Conclusion

This paper finds that SHGs are a central feature for strengthening livelihoods in Karnataka, especially in empowering women, generating employment and making agriculture sustainable. The empirical evidence underscores that SHGs have played a mostly important role in increasing financial inclusion, with 65% of SHG members enjoying higher household income and better scored on credit and savings (Satyapriya & Ghosh, 2018). This is consistent with previous studies which have found that SHGs are an important tool for poverty reduction and economic empowerment of rural poor, particularly for women often not reached by the formal financial system (Deininger & Liu, 2013). The system of SHGs provides women with access to microcredit, allowing its members to participate in small-scale businesses and other entrepreneurship efforts which contributes to livelihood diversification and greater economic stability (Agarwal, 2001). In addition to this, an important finding of their study was that SHG participation led to empowerment of women. The women also shared longer-term benefits such as increased confidence, decision-making authority, and leadership at the level of the family and the community, which contributed towards changing gender dynamics (Chaudhary, 2020). The results from the study strengthen the central aspect that SHGs play an important role to challenge gender inequities by enhancing the processes of social inclusion and participation through individual and collective agency in local governance and community development (Bhatt, 2015). SHG members played an important role in sustaining agricultural practices by adopting organic farming and practicing water conservation which in return play a positive impact on environmental sustainability in rural areas (Kerr, 2002). But what will make or break these initiatives is a bulking up of the institutional muscle and the creation of programs for training. In addition to that barrier, the study listed limited financial literacy, lack of entrepreneurship training and lack of institutional credit (which brings the scalability and sustainability of SHGs to a halt) as barriers to SHGs (Ravindra & Ramesh, 2019). In order to address these challenges, there is need to augment institutional support by enhancing the synergy between government bodies, microfinance institutions, and local organizations to ensure that SHGs are equipped with the resources and guidance needed for prosperity. Moreover, the study highlighted the needs of financial literacy and customized entrepreneurship training for rural women so that they learn about their businesses and improve their financial decisions (Deininger & Liu,2013). Second, wider financial inclusion strategies are necessary to give SHGs continued access to cheap finance and facilitate the growth of their activities (Mansuri & Rao, 2013). Self-help groups, although significantly promising vehicles of socio-economic development and rural women empowerment, have shown efforts over three decades of existence, yet sustained long-term success in rural Karnataka will require more institutional support, institutional quality improvement, continued training opportunities to women to expand their skills and capability if more and more women in rural Karnataka are expected to move towards socio-economic resilience, particularly with financial inclusion strategies.

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