

# WOMEN AND SELF-HELP GROUPS IN TAMIL NADU: ISSUES AND CHALLENGES

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## Abstract

*Self-Help Groups have emerged as a significant tool for women's empowerment in India, particularly in Tamil Nadu. These groups provide financial independence, enhance social inclusion, and foster entrepreneurial development among women. Despite their success, SHGs face several challenges, including financial constraints, limited access to credit, inadequate market linkages, and socio-cultural barriers. This study explores the issues and challenges faced by SHGs in Tamil Nadu using secondary data sources, including government reports, academic studies, and policy documents. The findings highlight the need for improved financial literacy, enhanced training programs, and better digital and market access for SHG members. Addressing these barriers through government intervention, financial institutions, and non-governmental organizations can significantly strengthen the impact and sustainability of SHGs. The study concludes that a multi-pronged approach is essential to ensure long-term viability and success for SHGs, ultimately contributing to women's empowerment and rural economic development in Tamil Nadu.*

**Keywords:** Women's Empowerment, Self-Help Groups, Financial Inclusion, Sustainability.

## INTRODUCTION

Women's empowerment has been a focal point of development policies in India, and Self-Help Groups (SHGs) have played a crucial role in this movement. Tamil Nadu has been a pioneer in the SHG movement, with numerous women-led groups contributing to economic and social development. SHGs have emerged as an essential tool for rural women to gain financial independence, develop entrepreneurial skills, and actively participate in decision-making processes. These groups have significantly improved the socio-economic status of women, leading to broader community development (Ravi, R. V., & Venkataramana, M., 2005).

The formation of SHGs in Tamil Nadu is closely linked to government and non-governmental initiatives aimed at enhancing women's participation in economic activities. The Tamil Nadu Corporation for Development of Women (TNCDW), established in 1983, has been instrumental in promoting SHGs across the state. Under various government programs, such as the Mahalir Thittam scheme, SHGs receive financial and skill development support to facilitate income-generating activities (NABARD, 2020). The linkage between SHGs and financial institutions has also enabled women to access microloans and subsidies, reducing their dependency on informal moneylenders (Kiran, V. U. 2021).

One of the primary objectives of SHGs is financial inclusion, as many rural women have historically been excluded from formal banking services. Through microfinance initiatives, SHGs provide small loans that help women start businesses, invest in education, and meet household needs (Sarkar, M. A. 2018). Studies indicate that participation in SHGs not only improves women's income levels but also enhances their confidence and decision-making abilities. A report by the Tamil Nadu State Rural Livelihoods Mission (Vinayagamoorthy, A. 2007) shows that women involved in SHGs have higher savings rates and better access to credit compared to those who are not part of such groups.

Beyond economic benefits, SHGs play a critical role in fostering social and political empowerment. Women participating in SHGs have greater awareness of their rights, improved literacy levels, and enhanced leadership capabilities (Lakshmi & Ramesh, 2018). Many members have successfully contested in local body elections and have taken up leadership roles in village committees, contributing to community governance and policy-making (Kumar & Devi, 2017). Additionally, SHGs serve as support networks, helping women address social issues such as domestic violence, gender discrimination, and access to healthcare services (Selvaraj, 2018).

Despite the success of SHGs in Tamil Nadu, they face several challenges, including financial constraints, operational inefficiencies, and socio-cultural barriers. Limited access to credit, high-interest rates, and inadequate financial literacy hinder the sustainable growth of SHGs (Jung, D. H. 2008). Additionally, patriarchal norms and resistance from families continue to restrict women's participation in economic and social activities (Krishnan, 2022). Addressing these challenges requires a multi-pronged approach involving government policies, private sector engagement, and community support to ensure the long-term success of SHGs in Tamil Nadu.

## LITERATURE REVIEW

Self-Help Groups have been widely studied as a mechanism for women's empowerment and socio-economic development. According to Kabeer (2005), SHGs play a crucial role in enhancing women's agency by providing financial independence and fostering collective action. SHGs also contribute to increased social capital, allowing women to develop leadership skills and participate in decision-making processes (Ramesh Kumar, K, et al, 2020).

Studies by NABARD (2020) highlight the role of SHGs in financial inclusion, as they enable women to access microcredit and banking services. These financial resources facilitate entrepreneurship, asset creation, and investment in education and healthcare. However, the impact of SHGs varies based on access to training, market linkages, and the socio-cultural context (Mukherjee, S., Mallik, S. S., & Thakur, D. 2019).

Several researchers have examined the challenges faced by SHGs. Govindan and Rajan (2019) identify financial illiteracy, limited access to institutional credit, and high-interest rates as major obstacles. Furthermore, Kumar & Devi (2017) highlight that patriarchal norms continue to restrict women's participation in SHGs, limiting their ability to leverage financial and social benefits.

Comparative studies indicate that Tamil Nadu has been a frontrunner in SHG implementation, particularly through government schemes like Mahalir Thittam (Sarkar, M. A. 2018). However, gaps in infrastructure, training, and marketing support pose significant challenges. Addressing these issues through policy interventions and skill development programs can enhance the sustainability and impact of SHGs in Tamil Nadu (Kulanthaivelu, R.K., Iyyanar, S. & Ramakrishnan, S. (2022).

Recent studies by Sharma and Patel (2021) have further emphasized the impact of SHGs on financial literacy among rural women. Their findings suggest that SHG participation not only enhances savings and credit access but also improves financial decision-making skills. However, their research also points out that SHGs in remote areas still struggle with formal banking integration due to documentation issues and bureaucratic hurdles.

According to a study by Basu and Srivastava (2020), successful SHG models integrate training programs that focus on business development, digital literacy, and legal awareness. They argue that traditional training approaches focusing solely on savings and credit are insufficient in today's economic environment. Instead, holistic empowerment models that combine financial aid with skill enhancement have shown better outcomes in long-term sustainability and income generation.

Another key study by Basak, D., & Chowdhury, I.R. (2023) highlights the role of digital platforms in SHG development. They argue that access to e-commerce and digital payment solutions can significantly improve market opportunities for SHG products. However, digital literacy remains a major hurdle, particularly for women in older age groups and those with limited formal education. Strengthening digital training programs can help SHG members leverage online marketplaces and improve their business prospects.

## STATEMENT OF THE PROBLEM

Despite the significant contributions of SHGs towards women's empowerment in Tamil Nadu, numerous challenges hinder their effectiveness and sustainability. Financial constraints, lack of adequate training, poor market linkages, and social barriers continue to restrict the full potential of SHGs. Many women still face difficulties in accessing credit due to stringent loan procedures and high-interest rates, which limits their entrepreneurial opportunities (NABARD, 2020). Additionally, patriarchal norms and societal expectations often prevent women from actively engaging in economic activities (Selvaraj, 2018). This study seeks to examine the key challenges faced by SHGs in Tamil Nadu and propose viable solutions to enhance their effectiveness and sustainability.

## OBJECTIVES OF THE STUDY

The primary objective of this study is to analyze the role of SHGs in promoting financial and social empowerment among women in Tamil Nadu. It aims to identify major challenges, including financial, operational, and socio-cultural barriers, that hinder the growth of SHGs. Additionally, the study seeks to evaluate the effectiveness of existing government and non-government initiatives supporting SHGs. Furthermore, it intends to propose strategies for strengthening SHGs by improving financial literacy, enhancing market linkages, and fostering leadership development. Lastly, the study will assess the impact of SHGs on women's leadership and participation in governance at the grassroots level.

## METHODOLOGY

This study relies on secondary sources of data to analyze the role, challenges, and impact of SHGs in Tamil Nadu. The data has been collected from various academic journals, government reports, policy documents, and case studies published by organizations such as NABARD, Tamil Nadu State Rural Livelihoods Mission and other non-governmental agencies. Additionally, reports from the Ministry of Rural Development, academic

studies on SHGs, and data from microfinance institutions have been reviewed to provide insights into the financial and operational challenges faced by SHGs.

The study employs a qualitative approach, reviewing literature and reports that offer empirical evidence and critical analysis of SHGs in Tamil Nadu. Comparative studies with SHG models in other Indian states have also been examined to identify best practices and areas for improvement. The secondary data analysis helps in understanding patterns, trends, and policy implications related to the SHG movement in Tamil Nadu. The methodology ensures a comprehensive and objective assessment of SHGs by utilizing verified and credible sources.

## RESULTS AND DISCUSSION

The analysis of secondary data indicates that SHGs in Tamil Nadu have made significant progress in enhancing women's socio-economic status. Government initiatives like Mahalir Thittam and the Tamil Nadu State Rural Livelihoods Mission (TNSRLM) have played a vital role in expanding SHG networks. Studies show that women who actively participate in SHGs experience higher financial stability, improved literacy rates, and better healthcare access (NABARD, 2020).

However, several challenges persist. Financial constraints remain a significant barrier, as many SHGs struggle with limited access to institutional credit. While microfinance institutions provide loans, high-interest rates and strict repayment schedules often discourage women from taking advantage of these services (Vinayagamoorthy, A. 2007). Furthermore, financial illiteracy hinders effective fund management within SHGs, reducing their ability to scale up income-generating activities (Jung, D. H. 2008).

Operational challenges also affect the sustainability of SHGs. Many groups lack structured leadership training, resulting in inefficiencies in decision-making and financial planning. Market linkages remain weak, making it difficult for SHG members to sell their products at competitive prices. Studies indicate that inadequate branding, packaging, and marketing strategies limit SHG members' ability to penetrate urban and international markets (Manimekalai, K., & Sivakumar, I., 2019).

Socio-cultural factors further exacerbate these challenges. Women in rural areas often face resistance from their families and communities when they attempt to engage in SHG activities. Traditional gender roles and societal norms continue to discourage women from taking leadership positions, limiting their overall empowerment potential (Sivakumar, I. & Usha, V.T. (2011).

Despite these barriers, several success stories highlight the transformative impact of SHGs. Women-led enterprises in Tamil Nadu, such as those engaged in handicrafts, dairy farming, and textile production, have contributed to local economies and improved household incomes. Case studies reveal that SHG participation enhances women's confidence, negotiation skills, and decision-making power in their households and communities (Ravi, R. V., & Venkataramana, M., 2005).

To overcome these challenges, strengthening financial literacy programs, improving market access, and fostering community awareness are essential. Government agencies, NGOs, and financial institutions must collaborate to provide skill development, leadership training, and low-interest credit facilities to SHGs. By addressing these critical issues, SHGs can become more resilient and continue to drive sustainable development in Tamil Nadu.

## CONCLUSION

Self-Help Groups in Tamil Nadu have emerged as a transformative tool for women's empowerment, fostering financial independence and social inclusion. These groups have significantly contributed to economic self-sufficiency, literacy improvement, and community participation among women. However, despite their success, challenges such as financial constraints, operational inefficiencies, and socio-cultural barriers continue to limit their effectiveness. Access to institutional credit remains a pressing issue, with high-interest rates and bureaucratic hurdles making it difficult for SHGs to expand their enterprises. Furthermore, inadequate leadership training and weak market linkages hinder the scalability of SHG-led businesses.

To enhance the impact and sustainability of SHGs, a comprehensive approach is required. Government policies should focus on reducing financial barriers by providing low-interest credit facilities and ensuring streamlined access to banking services. Additionally, training programs in financial literacy, digital skills, and entrepreneurial development can strengthen SHGs' capacity to thrive in competitive markets. Improved market linkages through digital platforms and better branding initiatives can further support SHG members in reaching broader consumer bases. By addressing these challenges through strategic interventions, SHGs can continue to play a pivotal role in women's empowerment, rural development, and economic sustainability in Tamil Nadu. Self-Help Groups in Tamil Nadu have proven to be a vital tool for women's empowerment, providing financial independence and fostering social inclusion. Despite their success, SHGs continue to face financial, operational, and societal challenges that hinder their long-term sustainability. Addressing these challenges requires a multi-faceted approach involving government intervention, financial institutions, and NGOs to provide low-interest credit, financial literacy training, and market access support. Strengthening

leadership training and community awareness initiatives can also enhance SHG effectiveness. By overcoming these barriers, SHGs can further empower women, foster economic growth, and contribute to sustainable development in Tamil Nadu.

### CONFLICT OF INTEREST DISCLOSURE

No conflicts of interest were reported by the author, and no funding was received for writing this article.

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