

The Impacts of Self-Help Group Programs:  
Experimental and Survey Evidence from South India

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April 2013

Abstract

This study aims to provide empirical evidence of the economic and social impacts of access to microloans disbursed through self-help group (SHG) programs. For this purpose, primary data were collected from households in Kerala, South India, and combined with detailed financial transactions of SHG members and information collected through laboratory experiments. The estimation results show that wealthier group members are significantly more likely to reap economic benefits, probably from productive investments. For poor members, asset accumulation and consumption smoothing are the two main pathways out of poverty through SHG-modeled microfinance initiatives. Finally, we find that reciprocal cooperation and trust among group members are developed by repeated social interactions, which are facilitated by weekly meetings of SHGs.

Keywords: microfinance, impact evaluation, self-help group, social capital, pipeline approach

JEL O12, D03, C93

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