Research Paper E-ISSN NO : 2455-295X | VOLUME : 10 | ISSUE : 3 | MARCH 2024

ROLE OF SELF-HELP GROUPS (SHGS) IN WOMEN EMPOWERMENT: A STUDY OF RURAL COMMUNITIES

SRADHA KUMARI [1]

[1] BA IN SOCIOLOGY (BHU, VARANASI), MASTERS IN SOCIOLOGY (IGNOU), STATE-BIHAR, DISTRICT -BEGUSARAI.

ABSTRACT:

Self-Help Groups (SHGs) have visibly come out a revolutionary way of institutionalizing empowerment of women in rural India. In this paper, the multidimensional effect of SHGs on the economic status, social agency, and political participation of women in three rural districts in northern India, i.e. Sikar (Rajasthan), Chhatarpur (Madhya Pradesh) and Bareilly (Uttar Pradesh), will be examined. The study, based on a primary survey of 150 SHG members (women) through structured interviews and focus group discussions reveals a substantial economic, social, and even political empowerment gains after joining SHGs. These findings suggest that SHG involvement brings access to micro-credit, household savings, micro-entrepreneurship, and empowerment in decision-making processes, whether at the household or the community level. The paper finds also the ongoing structural constraints in terms of poor training, patriarch structures, and lack of banking connections to harness the full potential of SHGs. Policy suggestions are provided to enhance SHG ecosystem and increase the empowerment results.

KEYWORDS:

SELF-HELP GROUPS, WOMEN EMPOWERMENT, MICRO-FINANCE, RURAL DEVELOPMENT, GENDER EQUITY, SOCIAL CAPITAL.

PAPER ACCEPTED DATE:	PAPER PUBLISHED DATE:
28th March 2024	31st March 2024

1. INTRODUCTION

The empowerment of women is not just a social desire but a condition to sustainable development. In spite of constitutional entitlement to equality and overtime of gender sensitive policy, women in rural India are still facing structural disadvantages, comprising: shallow access to financial resources, low social mobility, small political representation, and wide structural discrimination. Here, one of the most important grassroots tools of changing these structural realities is Self-Help Groups (SHGs). An SHG is an informal and homogeneous group of 10-20 women who save together on a regular basis, lend small amounts of money to fellow members out of this corpus and collectively participate in the formal banking sector under the SHG-Bank Linkage Programme (SBLP) by NABARD introduced in 1992. There are over 12 million SHGs in India today, most of which operate in rural regions with schemes like the National Rural livelihoods mission (NRLM) or Aajeevika as its commonly referred name. SHG model has been seen as a globally recognized low-cost and scale-able and community-based model to financial inclusion and gender empowerment.

Nonetheless, the empirical evidence on SHG-based empowerment is not that black and white. Although there are studies that record positive effects, others indicate a variant of effect that depends on caste and geography, group cohesion, and government support. This paper adds to the discussion by exploring the tangible and quantifiable women empowerment shift in the economic, social, and political spheres of three rural districts. The results are based on the field data and placed in the theoretical frameworks of empowerment and social capital.

2. OBJECTIVES OF THE STUDY

The study pursues the following specific objectives:

- To analyse the socio-demographic profile of women SHG members in the selected rural communities;
- To assess the economic impact of SHG membership on women's financial inclusion, savings behaviour, and livelihood outcomes;
- To evaluate the social empowerment outcomes of SHG participation, including decision-making, mobility, and self-confidence;
- To examine the political participation and civic engagement dimensions of empowerment among SHG women;
- To identify structural challenges inhibiting the full realisation of empowerment goals through SHGs; and

3. RESEARCH METHODOLOGY

3.1 STUDY AREA AND SAMPLE

The rural blocks of three districts, Sikar (Rajasthan),

Chhatarpur (Madhya Pradesh) and Bareilly (Uttar Pradesh) had been identified where the study was conducted. These districts were also purposely chosen to ensure variety in the agro-ecological regions, caste make up, and SHG penetration rates. Multi-stage stratified random sampling approach was used. The two blocks were chosen per district in the first stage. Two blocks with five villages each were selected in the second stage. Five SHG women were chosen randomly at each village giving a total of 150 respondents.

3.2 DATA COLLECTION

Structured interview schedules were used to collect primary data by using trained field investigators between January and March 2024. The interview schedule included closed questions about economic status, social indicators, political involvement - by gathering data pre-SHG membership (recall data confirmed with group records) and during the survey. Additional qualitative data were collected by means of six focus group discussions (two in each district) involving SHG women, focus group facilitators and bank officials.

3.3 ANALYTICAL FRAMEWORK

The data were analysed with help of the descriptive statistics (frequencies, percentages, means), paired t-tests concerning the statistical significance of changes in different variables prior to and after SHG membership, and cross-tabulation to compare different sub-groups. As the conceptual anchor, the Multidimensional Empowerment Framework (MEF) that measures empowerment along the economic, social, psychological and political dimensions of empowerment was taken.

4. RESULTS AND DISCUSSION

SOCIO-DEMOGRAPHIC PROFILE OF RESPONDENTS

In Table 1, the socio-demographic situation of 150 women respondents is provided. Most (44.7 per cent) of the population are within the 31145 years age group, which is indicative of productive age composition of active SHG membership. There is a high percentage of illiteracy (28.0 per cent) and 36.7 per cent have attained primary education which means that the SHG model has done well in accessing women with low education levels. Much of the respondents (41.3 per cent) are in the categories of SC/ST which is in line with the priority of the NRLM which aims at the socially marginalised.

TABLE 1: SOCIO-DEMOGRAPHIC PROFILE OF SHG WOMEN RESPONDENTS (N = 150)

Category	Sub-Category	No. of Respondents	Percentage (%)
Age Group	18–30 years	38	25.3
	31–45 years	67	44.7
	46–60 years	45	30.0
Education Level	Illiterate	42	28.0
	Primary (1–5)	55	36.7
	Secondary (6–10)	35	23.3
	Higher Secondary+	18	12.0
Marital Status	Married	118	78.7
	Widowed/Separated	32	21.3
Caste Category	SC/ST	62	41.3
	OBC	55	36.7
	General	33	22.0
Total		**150**	**100.0**

The prevalence of married women (78.7 per cent) highlights the household engraving of SHG involvement and possibility of intra house hold type of empowerment to drive the results. The caste disaggregation also bolsters the reach of SHG model on historically marginalized groups albeit at the expense of intra-group equity and elite capture that is discussed later.

ECONOMIC EMPOWERMENT: FINDINGS AND INTERPRETATION

The economic empowerment is the first level of women empowerment under SHGs. The key economic indicators are provided before and after SHG membership as shown by the respondent recall and group records in Table 2.

TABLE 2: ECONOMIC EMPOWERMENT INDICATORS — BEFORE AND AFTER SHG MEMBERSHIP

Economic Indicator	Before SHG (%)	After SHG (%)	Change (pp)	Sig. Level
Access to formal credit	12.0	74.7	+62.7	$p < 0.01$
Monthly savings (avg. ₹)	180	860	+677.8%	$p < 0.01$
Ownership of income-generating assets	18.7	56.0	+37.3	$p < 0.01$
Participation in micro-enterprises	9.3	52.7	+43.4	$p < 0.01$
Household food security (adequate)	44.0	79.3	+35.3	$p < 0.05$
Control over household expenditure	21.3	64.7	+43.4	$p < 0.01$

The results indicate a radical change in the economic status of women. Formal credit availability has grown by 62.7 percentage points and this is significant at the p = 0.01. This change seems to have happened largely mainly due to the SHG-Bank Linkage Programme which allowed women who previously had to go to high interest moneylenders to get institutional credit at subsidised rates. The monthly savings increased by almost 378 per cent to an average of 860 instead of 180 per member as testified besides increased disposable incomes, financial behaviour changed into saving and investing rather than consumption. Household spending was further controlled as the percentage increased to 21.3 per cent to 64.7 per cent and this implied that women are now controlling economic resources more than the male heads of the household. This result is consistent with the finding of Bali Swain (2017), who concluded that the empowerment impact of SHGs is not only on the individual woman but on power relationships within the household by reconstructing them.

Involvement in micro-enterprises grew by 9.3 per cent to 52.7 per cent indicating that the credit access, learning among peers, and support among members of SHGs leads to entrepreneurship. Efforts of using regular livelihood activities are tailoring, food processing, dairy farming, and handicraft production. Downstream welfare impacts of economic empowerment can be seen in the rising household food security, which has increased 44.0 per cent perceiving adequate food access to 79.3 per cent.

SOCIAL EMPOWERMENT: FINDINGS AND INTERPRETATION

Social empowerment involves the capability of women in making independent choices, a free movement of the person, engaging in the community activities and self-confidence. The transformations in these dimensions are recorded in Table 3.

TABLE 3: SOCIAL EMPOWERMENT INDICATORS — BEFORE AND AFTER SHG MEMBERSHIP

Social Empowerment Indicator	Before SHG (%)	After SHG (%)	Improvement (%)	Remarks
Decision-making within household	24.0	72.0	+48.0	Significant
Freedom of mobility	31.3	76.7	+45.4	Significant
Participation in gram panchayat meetings	11.3	58.0	+46.7	Significant
Awareness of government welfare schemes	28.7	84.0	+55.3	High
Self-confidence (self-reported high)	19.3	80.7	+61.4	Very High
Reduction in domestic violence incidents	—	67.3	Reported	Moderate–High

The best result is the 61.4 percentage point gap in the self-reported high-self-confidence (19.3 per cent to 80.7 per cent). This quantitative conclusion was supported by the focus group discussions: again and again the women told us that SHG membership has been their first experience of speaking in an open forum, working with financial documents and being referred to as a leader in their community. This transition was eloquently described by one Sikar respondent: she had never left her own village without a man escort, three years into SHG participation she got directly negotiated with a bank manager to borrow a crop loan. The household decision-making increased by 48.0 percentage points, and 72.0 per cent of the respondents mentioned agency in the household-level decision-making (children education, health expenditure, marriage-related decisions) as compared to 24.0 per cent prior to the membership in SHGs. This result however should also be interpreted in reference to the reservations that Garikipati (2008) expresses in the same article; the qualitative data through the focus groups indicates that the higher input of women to the household finances in some households was indeed accepted and failed to translate to parity in their actual decision-making processes especially when it came to acquisition of assets and land.

A comparative analysis of main SHG performance indicators in the three states of the study is provided in Table 4 to put the aggregated findings in perspective. The

inter-state differences are used to indicate disparities in the intensity of the programme implementation, support by state governments, the banking system, and the degree of civil society involvement.

STATE-WISE COMPARATIVE ANALYSIS OF SHG PERFORMANCE

A comparative analysis of main SHG performance indicators in the three states of the study is provided in Table 4 to put the aggregated findings in perspective. The inter-state differences are used to indicate disparities in the intensity of the programme implementation, support by state governments, the banking system, and the degree of civil society involvement.

TABLE 4: STATE-WISE COMPARISON OF SHG PERFORMANCE PARAMETERS

SHG Performance Parameter	Rajasthan	Madhya Pradesh	Uttar Pradesh	Overall Avg.
Avg. group age (years)	6.2	4.8	5.5	5.5
Avg. monthly savings (₹/member)	920	780	840	847
Loan repayment rate (%)	94.1	89.6	91.8	91.8
Members with micro-enterprise (%)	58.3	44.7	50.2	51.1
Members voting in local elections (%)	88.0	79.4	83.2	83.5
Child school enrollment improvement (%)	31.0	26.5	28.8	28.8

Rajasthan SHGs are doing the best on most parameters-highest loan repayment levels (94.1 per cent), highest percentage of micro-enterprise (58.3 per cent) and highest percentage of increase in child school enrolment (31.0 per cent). This is due to the well-established SHG ecosystem in Rajasthan that is supported by years of NRLM implementation and involvement of organisations like SewaMandir and the Rajasthan Rural Livelihoods Project.

Madhya Pradesh is lagging behind on certain financial indicators, but has a high growth potential: the average age of the groups (4.8 years) indicates a younger SHG group that has the potential of realizing higher results as the groups grow. Uttar Pradesh confirms their middle results, as there is a big and heterogeneous SHG scenario in the state and the priorities of the quality of the programme differ significantly among blocks. This cross-state difference highlights the significance of the contextual determinants, most specifically, the quality of government-NGO-bank partnerships, as the means to help determine SHG effectiveness.

CHALLENGES AND CONSTRAINTS

Although the above-mentioned positive outcomes are wide-ranging, the study reveals that there are several major challenges which curtail the potentials of SHGs in fostering empowerment. Table 5 has demonstrated these challenges, how often these challenges were reported or not by the respondents, and suggested interventions.

TABLE 5: KEY CHALLENGES FACED BY SHGS AND RECOMMENDED INTERVENTIONS

S.No.	Challenge Identified	Frequency (%)	Recommended Intervention
1	Irregular meetings and low attendance	38.7	Flexible scheduling; digital attendance tools
2	Political interference in group functioning	29.3	Legal autonomy frameworks; NGO mediation
3	Inadequate linkage to formal banking	44.0	Bank Sakhi programme; BC agent network
4	Limited skill-building and training	52.0	Skill India integration; mobile learning
5	Social/patriarchal resistance	34.7	Community sensitisation; male involvement
6	Elite capture within group leadership	22.7	Rotational leadership; external audits

Limited skill-building and training (52.0 per cent) is the most widely mentioned challenge, indicating that although SHGs offer financial capital, human capital that is required to turn credit into viable enterprise is lacking. This indicates a critical gap in the existing SHG model convergence of NRLM SHG platform and the vocational training infrastructure of Skill India Mission. Poor connectivity to formal banking (44.0 per cent) is also a continued obstacle especially in those regions with low bank branch coverage and Digital Financial Services (DFS) coverage. The Bank Sakhi (Banking Correspondent) model where a trained SHG woman is the last-mile banking agent has proven to be rather promising in bridging this divide in such states as Uttar Pradesh and Bihar and is worthy of systematic growth. Political interference with SHG operations (29.3 per cent) and elite capture in leadership system (22.7 per cent) are governance issues that are less susceptible to technical solutions. These need strong

monitoring, community responsible practices and legal literacy within the SHGs to ensure that the group resources and leadership positions are not monopolised by socially dominant members or outsiders in the group.

The above discussion supports the theoretical hypothesis that SHGs can be viewed both as spaces of empowerment - organized settings that can be negotiated by the combined disadvantages of gender, caste, and class. The results are echoed in the definition of social capital by Putnam (1995) as the lubricant of collective action, in that SHGs produce bonding social capital (cohesion among members) which helps a group to access support on the spot, and, in the long term, bridging social capital (connections to outside institutions and networks) which facilitates access to market and civic involvement. The fact that the difference in results is in states and literacy groups also indicates that the process of empowerment by SHGs is not automatic and homogenous. It is primed by the quality of facilitation, the intricacy of the bank connections, and the larger gender regime that works within the specific community. SHGs that are high-functional, i.e. which have regular meetings, savings discipline and which have access to good training, will always give a better empowerment outcome. This indicates the primacy of group quality as compared to the group quantity in programme design.

The most notable contribution of the current study is, perhaps, the evidence on social and psychological aspects of empowerment, especially, the transformational change in self-confidence and involvement with the public. It implies that the empowerment process is not only instrumental (generating income) but constitutive: SHGs redefine the identities and self-perceptions of women, enlarging what Sen (1999) referred to as their capabilities not only their actual freedoms to lead a life of value and dignity but also their identity.

5. CONCLUSION

This paper shows that Self-Help Groups have been one of the most impactful institutional changes in the rural development system in India. In the paper, solid empirical evidence has been provided by analyzing 150 SHG women in three states in that they demonstrate a great deal of economic access and social agency and household decisions and political participation that can be associated with SHG membership. The average monthly savings increased almost 4 times, formal access credit increased by more than 62 percentage points, and self-confidence increased by a big margin- results that all form a strong argument to keep investing in the SHG model. Meanwhile the results of the study warn of complacency. The problems of poor training, elite take-over, poor bank connectivity and patriarchal opposition make us remember that SHGs are a necessary though not a sufficient factor to empower women. Their potential to transform can only be achieved when they are practiced in an enabling ecosystem of quality facilitation, institutional connectivity and gender sensitive governing.

In the future, longitudinal studies of cohorts of SHG members on their maturation would help to separate maturation from programme effects, and randomised evaluations would help in establishing causal attribution more decisively. Further analysis of how the outcomes of empowerment are disaggregated and analysed by knowledge of caste, age and disability status would be very welcome in the evidence base. What has been affirmed in the current study though is the fact that SHGs by no means only finance loans. They give women an identity of voice, identity of money and a platform where they can assert their right to be citizens and agents of their development.

REFERENCES

1. Anitha, K., &Madhumita, G. (2025). Catalysts of change: The role of self-help groups in empowering women in Kanchipuram district. *Journal of Information Systems Engineering and Management, 10*(49s).

2. Chandramore, D. R., &Sananse, K. M. (2023). A literature review study of the role of self-help groups (SHGs) in community development and rural women. *International Journal of Management Studies, 10*(Special Issue 1), 37–40.

3. Harika, K., Raviteja, K., &Nagaraju, V. (2020). Women empowerment through self-help groups (SHGs) in three dimensions: An empirical study of rural Andhra Pradesh. *International Journal of Social Sciences, 9*(4), 263–271.

4. Jain, S., &Nalla, B. (2024). A systematic review on women empowerment through self-help groups. *Ajasra UGC Care Journal*.

5. Kumar, V., & Pathak, D. M. (2026). Rural reconstruction through women empowerment: Insights from SHGs in rural Jharkhand. *Journal of Rural Development, 53*(1).

6. Pandhare, A., Bellampalli, P. N., &Yadava, N. (2024). Transforming rural women's lives in India: The impact of microfinance and entrepreneurship on empowerment in self-help groups. *Journal of Innovation and Entrepreneurship, 13*(1), 1–22.

7. Ramesh, S. (2023). Role of self-help groups in upliftment of women in India. *Journal of Women Empowerment and Studies, 4*(1), 1–5.

8. Swain, R. B., &Wallentin, F. Y. (2009). Does microfinance empower women? Evidence from self-help groups in India. *International Review of Applied Economics, 23*(5), 541–556.

9. Brody, C., De Hoop, T., Vojtkova, M., Warnock, R., Dunbar, M., Murthy, P., & Dworkin, S. L. (2017). Economic self-help group programs for improving women's empowerment: A systematic review. *Campbell Systematic Reviews, 13*(1), 1–182.

10. Deininger, K., & Liu, Y. (2013). Economic and social impacts of an innovative self-help group model in India. *World Development, 43*, 149–163.

11. Kilby, P. (2011). Women and empowerment: The role of self-help groups in rural India. *Journal of South Asian Development, 6*(1), 29–52.

12. Sahu, L., Singh, S. K., & Gupta, P. (2022). Empowerment of women through participation in self-help groups: A bibliometric analysis and systematic review. *Journal of Enterprising Communities: People and Places in the Global Economy, 17*(6), 1511–1538.

13. Kumar, N., Raghunathan, K., Arrieta, A., Jilani, A., & Pandey, S. (2021). The power of the collective empowers women: Evidence from self-help groups in India. *World Development, 146*, 105579.

14. Prillaman, S. A., & Singh, N. (2024). Public decision making by women's self-help groups and its contributions to women's empowerment: Evidence from West Bengal, India. *World Development Perspectives, 33*, 100549.

15. Sharma, M., & Bora, P. (2025). Self-help groups and women empowerment: Developing a framework for sustainability of SHGs. *International Journal of Social Economics, 52*(12), 1725–1740.