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Role of Self-Help Groups (SHGs) in Women Empowerment in India

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Abstract:

Women's empowerment is an important component of inclusive economic and social development in India. Despite significant progress, many women, particularly in rural areas, continue to face challenges such as poverty, limited access to formal credit, unemployment, lack of education, restricted mobility, and limited participation in household and community decision-making. Self-Help Groups (SHGs) have emerged as an important institutional mechanism for addressing these challenges. SHGs are small, voluntary groups, generally consisting of women from similar socio-economic backgrounds, who come together for savings, internal lending, access to bank credit, livelihood activities and collective action. NABARD reports that, as of 31 March 2024, 144.22 lakh SHGs were savings-linked with banks, including 120.44 lakh exclusively women SHGs. This paper examines the role of SHGs in women's economic, social and political empowerment in India. It discusses the contribution of SHGs to financial inclusion, entrepreneurship, employment generation, poverty reduction, decision-making, leadership, social awareness and access to government programmes. The study is based mainly on secondary information obtained from NABARD, World Bank publications and other institutional sources. The paper finds that SHGs can strengthen women's confidence, collective agency and access to finance, although challenges such as inadequate skills, limited market access, digital gaps, credit constraints to affect their effectiveness.

Keywords: *Self-Help Groups, Women Empowerment, Financial Inclusion, Microfinance, Entrepreneurship, Rural Women.*

Introduction

Women found a significant part of India's population and play an important role in household management, agriculture, small businesses, informal

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employment and community development. However, women in many parts of India have historically experienced unequal access to economic resources, education, employment opportunities, financial services and decision-making.

Women's empowerment means increasing women's ability to make choices, control resources, participate in decisions and influence social and economic institutions. Economic empowerment is particularly important because access to income, savings, credit, productive assets and employment can strengthen women's bargaining power within households and communities.

Self-Help Groups have become one of the most important grassroots institutions supporting women's empowerment in India. An SHG generally consists of a small group of women who regularly save money, maintain group records, provide internal loans and eventually obtain credit from banks and other financial institutions. Beyond financial activities, SHGs have increasingly become platforms for training, entrepreneurship, health awareness, social action and participation in local governance.

Review of Literature

Desai and Joshi (2014) examined the impact of women's Self-Help Groups on political and economic empowerment in rural India. Their findings indicated that participation in SHGs increased women's involvement in local political activities and improved their awareness of public issues. The study also suggested that collective participation strengthened women's confidence and ability to engage with local institutions. Thus, SHGs were identified not merely as financial institutions but also as platforms for civic participation, collective action, and political empowerment.

Parashar and Shanware (2018) reviewed empirical studies on the role of SHGs in women's empowerment in India. Their findings indicated that SHG participation contributed to improvements in women's economic, social, and household status. The study particularly highlighted the contribution of SHGs to poverty reduction, entrepreneurship, access to financial resources, capacity building, and social development. The authors concluded that SHGs can strengthen women's socioeconomic position and facilitate their participation in development activities.

Garikipati (2008) investigated the relationship between women's access to microcredit and their household economic position in rural India. The study demonstrated that access to credit through women's groups could enhance women's control over productive resources and strengthen their economic agency. However, the findings also indicated that access to credit alone does not automatically result in empowerment. The study therefore emphasized the importance of women's control over resources and their participation in household decision-making as important dimensions of empowerment.

Sahu and Singh (2012) examined the role of Self-Help Groups in promoting women's empowerment in rural communities. Their study found that SHG participation improved women's access to savings and credit and contributed to greater awareness of social and economic issues. Participation in group activities also enhanced women's confidence, communication skills, and collective consciousness. The study concluded that SHGs can function as effective instruments for economic development, social awareness, and community-level empowerment.

Brody et al. (2017) conducted a systematic review of economic self-help group programmes and their effects on women's empowerment in low- and middle-income countries. The review found that participation in group-based economic interventions was associated with improvements in women's economic resources, social networks, self-confidence, and decision-making capacity. The authors emphasized that collective participation can create opportunities for women to develop social capital and exercise greater agency. These findings provide broader evidence that SHGs can contribute to women's empowerment through both economic and social pathways.

Objectives of the Study

The major objectives of this study are:

1. To study the role of SHGs in empowering women in India.
2. To analyze the contribution of SHGs to women's financial inclusion.
3. To examine the role of SHGs in promoting women's entrepreneurship and livelihoods.
4. To study the impact of SHGs on women's participation in household decision-making.
5. To identify the major challenges faced by women SHG members.

Need for the Study

Women's economic independence is a key dimension of empowerment. Self-Help Groups (SHGs) provide women with opportunities for savings, credit, entrepreneurship, and income-generating activities. The study is therefore needed to assess whether SHG participation improves women's access to financial resources, livelihood opportunities, and financial literacy. It also examines their role in reducing dependence on informal lenders and strengthening household decision-making. Beyond economic benefits, SHGs can enhance women's self-confidence, social awareness, community participation, and collective action. The study further explores whether SHGs increase women's awareness of government programmes, public services, rights, and local governance, thereby contributing to leadership and social transformation.

Scope of the Study

The study focuses on the role of Self-Help Groups (SHGs) in promoting women's empowerment in India, particularly among rural and economically disadvantaged women. It examines the economic dimensions of empowerment, including savings, access to credit, employment, entrepreneurship, and income-generating activities. It also considers social dimensions such as self-confidence, awareness, communication skills, social participation, and collective action. The study further examines SHG members' participation in household decision-making and their access to government welfare and development programmes. Thus, the study provides a comprehensive understanding of SHGs as instruments of economic, social, and political empowerment.

Research Methodology

This study is primarily based on secondary data. Information has been collected from reports and publications of NABARD, the World Bank and other institutional sources relating to SHGs, microfinance, rural livelihoods and women's empowerment. The study follows a descriptive and analytical approach. The available literature and institutional evidence are examined to understand the relationship between SHG participation and different dimensions of women's empowerment. The study does not claim that every SHG produces identical outcomes. The evidence suggests that the impact of SHGs varies according to access to credit, training, markets, institutional support, household conditions and the quality of group functioning.

SHGs and Financial Inclusion

One of the most significant contributions of SHGs to women's empowerment is the promotion of financial inclusion. Many women in rural areas have traditionally experienced difficulties in accessing formal banking and credit facilities because of low income, lack of collateral, limited financial literacy, and geographical barriers.

SHGs help overcome some of these constraints by encouraging regular savings and establishing relationships with banks and other financial institutions. Access to institutional credit can enable women to meet household needs, invest in productive activities, establish small enterprises, and respond to financial emergencies. Regular financial transactions also provide women with practical experience in managing savings, credit, repayment, and household finances.

Financial inclusion through SHGs can consequently improve women's financial confidence and reduce excessive dependence on informal moneylenders. More importantly, control over financial resources can strengthen women's bargaining position within the household.

SHGs and Economic Empowerment

Economic empowerment is one of the most visible dimensions of SHG participation. SHGs provide women with opportunities to engage in income-generating activities and develop sustainable livelihoods. Depending on local resources and skills, women may participate in agriculture, dairy farming, poultry, food processing, tailoring, handicrafts, petty trade, retail activities, and other microenterprises.

Participation in such activities can provide women with independent or supplementary income. Economic contribution may increase their recognition within the household and strengthen their role in decisions relating to expenditure, savings, education, healthcare, and investment.

However, empowerment should not be measured solely by whether women earn an income. The extent to which women control their earnings and participate in decisions regarding the use of household and productive resources is equally important. SHGs can contribute to this process by strengthening women's financial knowledge, confidence, and collective bargaining capacity.

SHGs and Entrepreneurship Development

SHGs can serve as platforms for developing women's entrepreneurial capabilities. Group members can receive training in enterprise management, production, marketing, bookkeeping, digital transactions, and financial management. Access to credit and training can encourage women to move from subsistence-level activities towards more sustainable enterprises.

Entrepreneurship through SHGs can also create employment opportunities within local communities. Women-led enterprises may generate additional income for families while contributing to local economic development. Nevertheless, challenges such as limited market access, inadequate technology, insufficient capital, lack of business skills, and competition can restrict the sustainability of women-owned enterprises.

Therefore, SHG-based entrepreneurship programmes need to be supported by appropriate training, market linkages, technology, infrastructure, and institutional assistance.

SHGs and Household Decision-Making

Women's empowerment also involves their participation in decisions that directly affect their lives and families. SHG participation can strengthen women's confidence and awareness, which may encourage greater involvement in household decision-making.

Women who participate actively in SHGs may become more involved in decisions concerning children's education, healthcare, household expenditure, savings, employment, and investment. Financial contribution to the household can further enhance women's bargaining power. However, the extent of this change may vary according to family structure, socioeconomic conditions, education, cultural practices, and the degree of women's control over resources.

Thus, SHGs can contribute to empowerment by gradually transforming women from passive recipients of household decisions into active participants in family decision-making.

SHGs and Social Empowerment

The social dimension of empowerment is equally important. SHGs provide women with opportunities to meet regularly, communicate with other women, discuss common problems, and develop social networks. Such interaction can reduce social isolation and increase confidence.

Group participation may improve women's communication skills, awareness of social issues, and ability to collectively address problems. Women can discuss issues such as domestic violence, health, sanitation, education, child welfare, alcoholism, and access to public services. Collective action can give women greater confidence to approach government officials and local institutions.

In this respect, SHGs can function as spaces for social learning and the development of collective consciousness. The group becomes not only a financial institution but also a platform for social transformation.

SHGs and Political Participation

Women's empowerment includes participation in public affairs and decision-making institutions. SHGs can create opportunities for women to become familiar with Panchayati Raj Institutions, local government programmes, public services, and community development initiatives.

Through collective meetings and community activities, women may develop greater awareness of local problems and government schemes. Some SHG members may subsequently participate in Gram Sabha meetings, local development activities, village-level committees, and other public institutions.

The collective identity developed through SHGs can also strengthen women's ability to raise community issues. In this way, SHGs have the potential to contribute to women's civic participation and grassroots leadership.

SHGs and Skill Development

Skill development is an important mechanism through which SHGs contribute to women's empowerment. Training programmes can provide women with technical, entrepreneurial, financial, digital, and managerial skills.

Skill development enables women to diversify their livelihood opportunities and adapt to changing market conditions. Digital literacy is particularly important in the contemporary economy because banking, payments, marketing, and access to government services are increasingly technology-based.

However, training programmes are most effective when they are linked to actual employment or market opportunities. Training without access to finance, technology, infrastructure, and markets may have limited long-term impact.

SHGs and Poverty Reduction

SHGs can contribute to poverty reduction by improving women's access to savings, credit, employment, and livelihood opportunities. Collective savings provide a financial resource within the group, while institutional credit can support productive investments.

In poor households, additional income generated through women's economic activities can contribute to improved food security, children's education, healthcare, housing, and overall household welfare. Thus, the benefits of SHG participation may extend beyond individual women to their families and communities.

At the same time, SHGs should not be considered a single solution to poverty. Structural factors such as unemployment, inadequate infrastructure, market constraints, low wages, lack of productive assets, and social inequalities also influence household poverty.

SHGs and Access to Government Programmes

SHGs can facilitate women's access to various government development and welfare programmes. Because SHGs are organised groups with established community-level networks, they can serve as channels for disseminating information about government schemes and facilitating access to institutional support.

Women members may become more aware of livelihood programmes, financial assistance, skill development initiatives, social security measures, and other public services. Group-based implementation can also improve communication between government agencies and rural women.

The effectiveness of this role depends on the quality of institutional coordination, awareness among members, transparency, and the capacity of local organisations to support SHGs.

SHGs and Collective Agency

A major contribution of SHGs is the development of collective agency. Individual women may find it difficult to challenge social norms or negotiate with institutions on their own. Collective organisation provides greater visibility, confidence, and bargaining power.

Through collective action, SHG members can address issues affecting their communities and demand access to public services and development opportunities. This collective agency represents a broader understanding of empowerment in which women are not merely beneficiaries of development programmes but active participants in shaping their social and economic environment.

SHGs and Women's Leadership

SHGs can create opportunities for women to develop leadership abilities. Managing group meetings, maintaining accounts, handling financial transactions, communicating with banks, interacting with government officials, and organising community activities can develop organisational and decision-making skills.

Women who acquire such experience may become more confident in assuming leadership roles within their families and communities. Some may also participate in local governance and community-based organisations.

Thus, SHGs can contribute to the emergence of grassroots leadership by providing women with practical experience in collective decision-making and institutional engagement.

Challenges Faced by SHGs

Despite their significant potential, SHGs face several challenges. These include inadequate access to credit, limited financial and digital literacy, insufficient training, weak market linkages, poor infrastructure, limited access to technology, and difficulties in sustaining microenterprises.

In some cases, women may also experience restrictions arising from household responsibilities, patriarchal attitudes, mobility constraints, and limited control over income. Group-level challenges such as weak leadership, irregular meetings, poor record-keeping, internal conflicts, and inadequate institutional support can also affect the performance of SHGs.

Therefore, the effectiveness of SHGs depends not only on the formation of groups but also on their long-term institutional strengthening. Capacity building, access to affordable credit, market support, digital literacy, mentoring, and effective monitoring are essential for ensuring sustainable outcomes.

Overall Assessment

The evidence suggests that SHGs have evolved from simple savings-and-credit mechanisms into broader platforms for women's socioeconomic transformation. Their contribution extends from financial inclusion and livelihood development to social awareness, collective action, leadership, and participation in public affairs.

However, the impact of SHGs is neither uniform nor automatic. The outcomes depend on factors such as the quality of group functioning, members' socioeconomic background, access to institutional credit, training, market opportunities, family support, and the effectiveness of government and banking institutions.

Therefore, women's empowerment through SHGs should be understood as a multidimensional and gradual process. Sustainable empowerment requires not only access to financial resources but also greater control over those resources, participation in decision-making, social awareness, collective agency, and opportunities for leadership.

Conclusion

Self-Help Groups have emerged as an important instrument for promoting women's empowerment in India. By facilitating savings, credit, entrepreneurship, livelihood development, and financial inclusion, SHGs can strengthen women's economic position. Their regular meetings and collective activities can further enhance self-confidence, social awareness, communication skills, and collective agency.

The role of SHGs extends beyond economic empowerment to household decision-making, community participation, access to government programmes, and grassroots leadership. Nevertheless, their long-term effectiveness requires continuous institutional support, skill development, market linkages, affordable credit, digital inclusion, and effective capacity building.

In conclusion, SHGs have significant potential to transform women from passive recipients of development into active participants in economic, social, and community life. Strengthening the quality and sustainability of SHGs can therefore contribute substantially to inclusive development and the achievement of meaningful and multidimensional women's empowerment in India.

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