Role of Self Help Groups in Women Empowerment

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1 Abstract

Self Help Groups (SHGs) have emerged as one of the most significant grassroots mechanisms for promoting women empowerment in India. These groups , primarily composed of rural women , facilitate inclusion, collective decision- making , entrepreneurship and social awareness . The SHG movement , strengthen through initiative such as National Rural livelihood Mission and SHGs - Bank Linkage programme introduced by National Bank for Agriculture and Rural development , has transformed the socio - economic status of millions of women across the country . This research paper examines the role of SHGs in enhancing women's economic independence , political participation, social mobility and decision making power within households and communities .

The study explores how SHGs contribute to poverty reduction, access to credit, skill development, and leadership opportunities. It also analyses the challenges faced by SHGs, including inadequate financial literacy, market accessibility, limited training, and patriarchal barriers. The paper adopts a qualitative and analytical approach using secondary data from government reports, journals, policy documents, and case studies.

The findings suggest that SHGs have significantly improved women's confidence, income generation, and participation in local governance. However, structural inequalities and institutional limitations continue to hinder their full potential.The paper concludes that strengthening SHGs through digital literacy, financial support, policy intervention, and capacity-building initiatives can further enhance women empowerment and rural development in India.

Keywords: Self-Help Groups, Women Empowerment, Rural Development, Financial Inclusion, Micro finance, SHG-Bank Linkage, Gender Equality, Livelihood

2 Introduction

Empowerment of women is necessary to dismantle the social construction of gender, which for long subordinated women in family, caste, class, religion or society. Women's empowerment in a process in which, a woman get greater control over resources, material, human and intellectual access over financial resources and control ever decision making in the home, community society and nation through gaining poor Self Help Groups have become instructional in empowering rural women, not only by liberty them from shackle of poverty but also enhanced their social, economic and political status too. Self Help Groups have become a buzz word for social scientists working on different issues. Yet, it has remained a popular approach in development interventions. In India, especially, it is defined as a 'small' economically homogenous and affinity group of poor people, who join hands together to save some money or grains regularly to contribute to a common fund. It is claimed that these groups tend to meet the emergency needs of their members usually consisting of 10-15 members by periodically collateral free loans and term decided by the group itself which generates the less than the moment rate of interest.

So, theoretically, SHG as an organisation is said to practice collateral decision making and resolve conflict through collateral leadership. Besides, the objective being to meet the emergency, within its own set as rules, the try to empower the deprived section of society especially women economically and socially which are reported to have noticed in terms of saving of SHGs. Self Help Groups as an idea was first involved from Grameen Bank of Bangladesh founded in 1975 by Prof.Mohamohad Yunush. In India the total number of SHG, promoted under National Rural Livelihood Mission (NRLM) more than 30 laces as for NABARD Micro-Finance Report, as on march 2012, about 79.6 laces SHGs with on estimate memberships of 9.7 cores, have saving accounts in the banks, with aggregate bank balance of rupees 6551 corers.

A Self-Help Group is generally a small voluntary association of women belonging to similar socio-economic backgrounds who come together to save regularly, access credit collectively, and undertake income-generating activities. SHGs encourage collective participation, mutual support, and community-based development. The SHG movement gained momentum in India after the introduction of the SHG-Bank Linkage Programme by National Bank for Agriculture and Rural Development in 1992. Later, government initiatives such as National Rural Livelihoods Mission further institutionalised and expanded SHGs across rural India.

SHGs play a vital role in promoting financial inclusion among women who often remain excluded from formal banking systems. Through microcredit and savings mechanisms, women gain access to financial resources that help them start small businesses, improve household income, and achieve economic independence. Beyond economic benefits, SHGs also contribute to social empowerment by increasing women's participation in household decision-making, community leadership, education, and health awareness.

The significance of SHGs extends beyond individual empowerment to broader rural development. Women associated with SHGs often engage in entrepreneurial activities such as dairy farming, handicrafts, tailoring, agriculture, and food processing, thereby contributing to local economies. SHGs have also become platforms for addressing social issues such as domestic violence, child marriage, sanitation, and gender discrimination.

However, despite notable achievements, SHGs continue to face several challenges, including limited market access, lack of advanced skills, financial illiteracy, inadequate institutional support, and persistent patriarchal norms. Therefore, there is a need to critically examine the role of SHGs in women empowerment and evaluate their effectiveness in bringing sustainable socio-economic transformation.

This research paper aims to analyse the contribution of Self-Help Groups towards women empowerment in India, assess their socio-economic impact, identify existing challenges, and suggest policy measures for strengthening the SHG movement.

3 Research Methodology

This research paper is based on a qualitative and analytical research methodology. The study primarily uses secondary data collected from government reports, journal articles, books, policy papers, and reports published by institutions such as National Bank for Agriculture and Rural Development, Ministry of Rural Development, and World Bank.
The research adopts a descriptive approach to understand the functioning of SHGs and their impact on women empowerment. Various case studies and empirical findings from different states of India have been examined to assess the socio-economic transformation brought by SHGs. The study also analyses existing policies and schemes supporting SHGs and evaluates their effectiveness.
The methodology includes thematic analysis of literature focusing on financial inclusion, livelihood generation, leadership development, and social participation among women SHG members. The study further identifies major constraints affecting SHGs and proposes policy recommendations based on observed gaps in implementation and institutional support.

3.1 Research Questions

1. How do SHGs contribute to women empowerment in India?
2. What is the role of SHGs in improving women's economic conditions?
3. How do SHGs enhance women's participation in decision-making and governance?
4. What challenges hinder the effective functioning of SHGs?
5. What measures can improve the sustainability and effectiveness of SHGs?

4 Literature Review

Several scholars and institutions have studied the role of SHGs in women empowerment. Studies indicate that SHGs have significantly improved women's access to credit, savings habits, and entrepreneurial opportunities. Researchers have argued that participation in SHGs enhances self-confidence, social mobility, and awareness regarding education, health, and legal rights.
According to reports by the National Bank for Agriculture and Rural Development, SHGs have become an important tool for financial inclusion in rural India. Similarly, studies conducted under National Rural Livelihoods Mission highlight the role of SHGs in poverty alleviation and livelihood generation.
However, some scholars have pointed out limitations such as dependency on external funding, lack of managerial skills, and unequal participation within groups. Literature also suggests that while SHGs improve economic conditions, deeper patriarchal structures often restrict complete empowerment.

5 Findings

Self- Help groups (SHGs) are informal associations of people who come together to find ways to improve their living conditions. They are generally self-governed and peer controlled. People of similar economic and social background associate generally with the help of NGOs or Government agencies and try to resolve their issues and improver their living conditions.

5.1 Emergency of Self Help Groups

- The origin of SHGs in India can be traced back to the establishment of the Self-Employed Women's Association SEWA) in 1972.

- Even before, there were small efforts at self-organising. For example, in 1954, the Textile Labour Association (TLA) of Ahmedabad formed its women's wing in order to train the women belonging to families of mill workers in skills such as sewing, knitting, etc.
- Ela Bhatt, who formed SEWA, organised poor and self-employed women workers such as weavers, potters, hawkers, and others in the unorganised sector, with the objective of enhancing their incomes.
- NABARD in 1992, formed the SHG Bank Linkage Project, which is today the world's largest micro finance project.
- From 1993 onwards, NABARD, along with the Reserve Bank of India, allowed SHGs to open savings bank accounts in banks.
- The Swarm Jayanti Gram Swarozgar Yojana was introduced in 1999 by GOI with the intention of promoting self-employment in rural areas through formation and skilling of such groups. This evolved into the National Rural Livelihood Mission (NRLM) in 2011.

5.2 Women Empowerment and SHGs

Women's empowerment thorough Self Help Groups (SHGs) plays a pivotal role in advancement of women's in order to help the rural poor tribal , particularly women in securing international and supportive service from within and outside such groups . Devi ,2008 conducted a study on SHGs and Socio Economic Emancipation of Women's in Manipur . Her study concludes that the emerging trend of the growth of Self-Help Groups in Manipur and their success show the surest ways for economic independence of women. The SHGs started to join in the decision- making at the grass root level. The members of the"United Self-Help Groups Co- Ordination Committee in Manipur became not only a platform for economic empowerment of women but also a platform for political empowerment of women. Many members started participating in the election of gram panchayat. Though the primary objectives of SHGs are economic empowerment, SHGs matured into a powerful social movement for evincing social change and emancipation of women.

Manon Mani I. K, and Prabhakaran V. P., 2011[6] made a study on women empowerment through SHGs in the Kovilangulam Panchayat in Usilampatii Taluka. The analysis of the study area has brought to light the following conclusions. Women after joining the SHGs earned more money and increased their income level from Rs.2000- 3000. Therefore they are now economically independent and contribute to increase their household income. The increased income not only enhances the expenditure of the family but also promote the savings of the family. This is seen as a great achievement of the women SHGs in the study area. Now SHGs can easily approach the banks and other institutions to get loan. Since all the members were responsible they repaid the loan in time. The various purposes for which loans obtained by the respondents were: to start business, educate their children; meet medical expenses, to meet marriage expenses, to maintain house expenses, to redeem other loans and to meet festival expenses. The study shows these women had greater awareness after joining the SHGs. Hence SHGs are a very powerful tool to the backward rural areas to develop women empowerment.

Janagan 2011, [7] conducted a study to identify the empowerment of women through self help groups in India. His main studies focused on effective strategy characteristics of self-help groups, socio-economic conditions of rural women, level of participation of rural women in self help groups and its level of empowerment of rural women. The major focus and thrust of the study was to know the self-help groups impact on empowerment in India. This study then develops culturally sensitive programming recommendations to improve collaborative efforts between Government, social workers, and care and welfare workers to serve these groups more effectively. It is inferred that the respondents who have high participation in self help groups have relatively high social empowerment, legal empowerment, political empowerment and knowledge empowerment These resulted in an increase in their income, savings and consumption expenditure and also gained self-confidence in decision-making process.

According to Kendal 2014, [8] SHGs Comprises very poor people who do not have access to formal financial institutions. It enables its members to learn to cooperate and work in a group environment. The study highlighted that there was a positive impact of Self Help Groups on Women empowerment in Andhra Pradesh. SHGs created greater confidence in social and economic self-reliance as a whole. study justifies the greater role played by the SHGs in increasing empowerment of women, by making them financially strong, as well as how it helped them to save money and invest it for further development. It is a tool to remove poverty and improve the women's entrepreneurship and financial support for their activities in India.

The Study undertaken by Yadav 2013, [9] titled women empowerment through SHGs, in the village Nagothane. Dist-Sangli, found that the income of the women increased after joining the SHGs. At the same time, monthly household expenditure also went up. The good practice of the women SHGs in the study area was the repayment of loans in time. It is true that a few members did not pay back in time; but this did not impact the further credit of SHGs. Thus, the economic activities of SHGs were quite successful in developing women empowerment in the rural village of Nagothane, Dist-Sangli. For him Women empowerment, in short, indicates a change from powerlessness to powerfulness, underprivileged to privileged. and enabling women to have control over the resources of social, economical, political, intellectual, and cultural resources that empower women. Rajamani & Prasad 2012, [10] confirms in their studies that women empowerment through self help groups would lead to benefits not only to the individual women but also the family and community as a whole through collective action for development. Empowering women is not just for meeting their economic needs but also for more holistic social development. The SHGs provide credit and empower women socially and economically.

They encourage women to participate in decision making in the household, community, local democratic sector and prepare women to take up leadership positions. The study concludes that Self Help Groups really help women-folk to participate in mobilising funds. Empowerment of women really starts with such kinds of activities that are taken up by Self Help Groups. Overall SHGs significantly increased women's participation in all the components of the program.

The study of Hossain 2012, [11] reveals that the average income of women in the study area was 4119.26 take per month. Only 2% of the women were illiterate. 40% of women were housewives. They were dependent on their husbands for economical purposes. Very few of the respondents (2% of women only) were making decisions on their own. 34% respondents reported that attitudes of male members were negative towards their participation in politics. The author has strongly emphasised that women education would necessarily lead to women empowerment and therefore must strive to ensure women education. Empowerment of women could only be achieved through improved education and greater employment opportunities. Moreover, true empowerment will only be reached when women take part actively in the decision making process of nation.

5.3 Dimensions of Women

1 Economic Dimensions
SHGs provide women with access to microcredit, savings facilities, and income-generating opportunities. Women use loans for agriculture, dairy farming, tailoring, handicrafts, and small enterprises. This reduces dependency on informal moneylenders and improves household income.

2 Social Dimensions
Participation in SHGs increases women's confidence, communication skills, and social awareness. SHGs create a collective identity among women and encourage them to address issues such as domestic violence, child marriage, sanitation, and education.

3 Political Dimensions
SHGs encourage women's participation in local governance institutions like Panchayati Raj Institutions. Many women SHG members emerge as community leaders and actively participate In village development activities.

4 Educational and Health Awareness
SHGs play an important role in spreading awareness regarding literacy, maternal healthcare, nutrition, sanitation, and government welfare schemes.

5.4 Challenges faced by Self Help Groups

- Lack of financial literacy and digital awareness
- Limited access to markets and technology
- Inadequate training and skill development
- Patriarchal social structures restricting women's mobility
- Irregular financial support and institutional barriers
- Poor monitoring and management practices

5.5 Findings of my study

1. SHGs have significantly improved women's access to financial resources.
2. Women associated with SHGs show higher participation in household decision-making.
3. SHGs contribute to rural entrepreneurship and livelihood generation.
4. Social awareness and collective action among women have increased through SHGs.
5. Institutional and social barriers continue to affect the effectiveness of SHGs.

6 Conclusion

Self-Help Groups have emerged as a powerful instrument for women empowerment and rural development in India. By promoting savings, credit access, entrepreneurship, and collective participation, SHGs have transformed the socioeconomic conditions of millions of women. They not only provide economic independence but also strengthen women's confidence, leadership, and participation in community development.

Despite several achievements, challenges such as limited market access, lack of training, and social barriers continue to restrict the full potential of SHGs. Therefore, stronger policy interventions, institutional support, digital inclusion, and capacity-building initiatives are essential for ensuring the sustainability and effectiveness of SHGs. Strengthening women-led SHGs can play a crucial role in achieving gender equality, inclusive development, and sustainable rural transformation in India .

7 Graphs and Tables

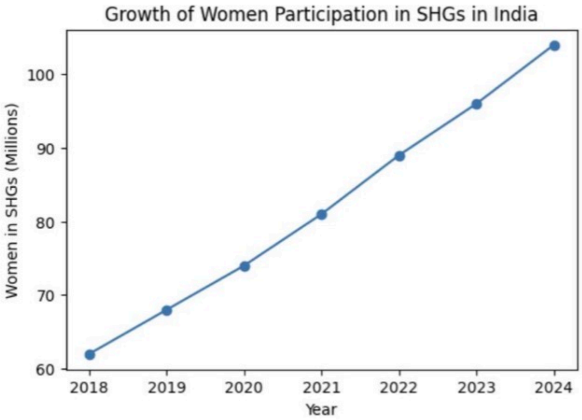
Table 1: Growth of SHGs in India

Year	Number of SHGs (Millions)	Women Members (Millions)
2018	5.3	62
2019	5.8	68
2020	6.2	74
2021	6.9	81
2022	7.5	89
2023	8.0	96
2024	8.6	104

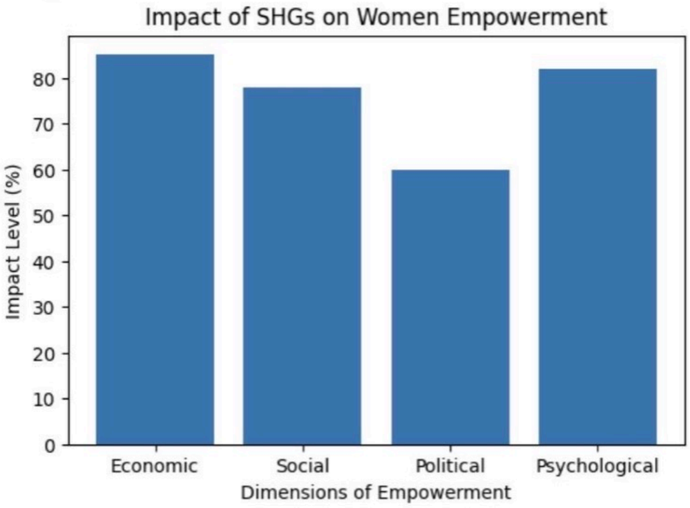
Table 2: Dimensions of Women Empowerment Through SHGs

Dimension	Impact
Economic	Increased income and savings
Social	Greater awareness and participation
Political	Participation in local governance
Psychological	Improved confidence and leadership

Graph 1: Growth of Women Participation in SHGs



Graph 2: Impact of SHGs on Women Empowerment



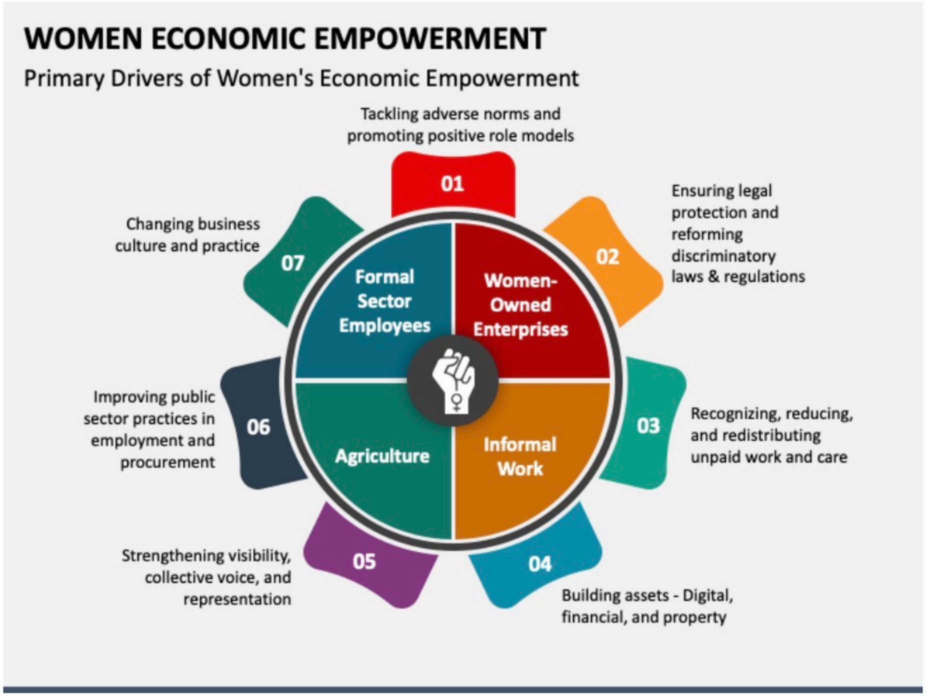


Figure 1: Economic Empowerment

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