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The impact of self-help groups (SHGS) on women empowerment in India: A national perspective and case study analysis

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Abstract
Self-Help Groups (SHGs), primarily consisting of poor rural women, have emerged as a pivotal mechanism for social and economic development in India. This paper investigates the multi-dimensional impact of SHGs on women's empowerment, focusing on economic, social, and political indicators at the national level. Utilising recent statistical data from governmental missions like the Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM) and NABARD's SHG-Bank Linkage Programme (SHG-BLP), the study highlights the significant scale and success of the movement. Furthermore, the paper synthesises key findings from 8 to 10 representative case studies across India to illustrate tangible outcomes, such as improved financial independence, enhanced decision-making power, and increased community participation. The analysis concludes that SHGs are a powerful, bottom-up model for poverty alleviation and gender parity, though challenges related to market access, skill training, and internal governance persist.

Keywords: Women empowerment, self-help groups (SHGS), microfinance, financial inclusion, day-NRLM, SHG-bank linkage programme, poverty alleviation, rural development, India

Introduction

Women's empowerment is widely recognised as a crucial determinant of a nation's overall development. In India, a country with significant rural poverty and entrenched patriarchal norms, empowering women, especially those in rural settings, remains a central policy challenge. The Self-Help Group (SHG) model, which began as an informal collective of individuals who pool savings and lend within the group, has grown into the world's largest microfinance movement and a flagship program for rural poverty alleviation.

The scale of the SHG movement in India, primarily driven by the Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM), is immense:

Mobilisation: As of early 2025, over 10.05 crore (100.5 million) rural poor households have been mobilised into approximately 90.90 lakh (9.09 million) Self-Help Groups (SHGs) under DAY-NRLM, illustrating its massive reach.

Financial Inclusion (SHG-BLP): The SHG-Bank Linkage Programme (SHG-BLP), launched in 1992, is the largest micro-credit programme globally.

- Cumulative bank loans disbursed to SHGs have exceeded ₹6.25 lakh crore in the last nine years (up to Feb 2023), with an average repayment rate consistently over 96%, underscoring the financial discipline of these women.
- The total number of SHGs having loans outstanding as of March 31, 2024, was over 77.42 lakh, with an average loan amount outstanding of approximately ₹3.35 lakh per SHG.

Livelihood Focus: Government initiatives like the 'Lakhpati Didi' scheme aim to ensure that at least one woman per SHG household earns an annual income of at least ₹1 lakh. The target has been increased from 2 crore to 3 crore 'Lakhpati Didis' as of early 2024.

This data demonstrates that SHGs are a financially sustainable and massive platform for intervention, making their impact on women's empowerment a critical area for research.

Objectives

1. To analyse the current scale and financial performance of the SHG movement in India, with a focus on recent national-level statistical data.
2. To evaluate the multi-dimensional impact of SHG participation on women's economic, social, and political empowerment through an analysis of various case studies.
3. To identify the primary challenges and suggest policy recommendations for enhancing the long-term sustainability and effectiveness of SHGs in promoting comprehensive women's empowerment.

Review of Literature

Numerous studies confirm the positive correlation between SHG membership and women's empowerment. Research has shown that SHG participation significantly improves household income, increases savings and asset ownership, and reduces reliance on informal moneylenders (e.g., NABARD Reports, RBI Bulletins). Socially, scholars note enhanced self-esteem, greater mobility, and a stronger collective voice, enabling women to challenge social issues like dowry, alcoholism, and gender-based violence (e.g., *International Journal of Social Research* articles). Politically, studies observe increased participation in *Gram Sabha* and local governance, suggesting a translation of group solidarity into community-level influence (e.g., *Economic and Political Weekly* articles).

Key texts on microfinance and grassroots development (e.g., *Yunus, M. (2007). Banker to the Poor*) often cite the Indian SHG model as a successful adaptation of the Grameen Bank approach. Books by Indian development economists delve into the structural and policy aspects, highlighting the transformative role of government and non-profit organisations like NABARD and various NGOs in nurturing the movement. These sources also caution against the tendency to solely focus on credit, advocating for a holistic empowerment model that includes market linkages and skill development.

Official websites of the Ministry of Rural Development, NABARD, and the Press Information Bureau (PIB) serve as primary sources for national-level statistical data, program guidelines (e.g., DAY-NRLM framework), and progress reports, providing an up-to-date and authoritative view of the SHG landscape and policy direction, including schemes like the Lakhpati Didi and Drone Didi initiatives.

Research Methodology

This study adopts a mixed-method, descriptive research design grounded in a comprehensive review of secondary data. The first phase involved the collection and analysis of national-level quantitative data from official government sources (NABARD, DAY-NRLM reports, Economic Surveys, and PIB releases) to establish the macro-context of the SHG movement. The second and core phase involved a qualitative analysis of 10 published case studies (from academic journals, institutional reports, and reputable news sources) that detail the impact of successful SHGs and their federations across diverse regions of India (e.g., Kerala's Kudumbashree, Mahila Arthik Vikas Mahamandal in Maharashtra, and similar groups in Bihar, Andhra Pradesh, and Rajasthan). The objective was to synthesise these cases to illustrate the micro-level, lived experience of empowerment, encompassing economic success, social agency, and political participation. The sources of data, therefore, include peer-reviewed journal articles, official government statistics and reports, and book chapters.

Results and Discussion

The analysis of the SHG movement is best understood through the micro-level successes and transformation stories observed across the nation. The following 10 representative case studies, sourced from institutional and academic reports, illustrate the multi-dimensional impact of SHGs on women's empowerment in various geographic and economic contexts.

1. Kudumbashree (Kerala)

- **Focus:** State-driven poverty eradication and women empowerment mission.
- **Impact:** Kudumbashree is globally renowned for its massive scale and success in fostering micro-enterprises. Members engage in diverse activities like collective farming, organic produce sale, and running successful community catering units ('Janakeeya Hotels'). Crucially, the institutional strength of this network has translated into significant political empowerment, with many members successfully contesting and winning seats in local self-government (Panchayats), directly influencing policy and resource allocation at the grassroots level.

2. Project Mahila Kisan Sashaktikaran Pariyojana (MKSP) (Bihar and Odisha)

- **Focus:** Empowering women farmers in agriculture.
- **Impact:** Under MKSP, SHG members receive intensive training in sustainable and climate-resilient farming techniques, including seed production and soil health management. This has led to a direct increase in economic agency as women move from being mere labourers to knowledgeable farm managers. They gain control over farm income, which previously rested with male family members, significantly enhancing their decision-making power regarding household expenditure and children's education.

3. Milk Producers' Collectives (Gujarat and Rajasthan)

- **Focus:** Entry into the formal dairy supply chain.
- **Impact:** Women mobilised through SHGs form village-level collectives for milk pooling and supply to cooperative dairies (like Amul). This provides a consistent and predictable income stream, delivered directly into the women's bank accounts. The economic stability allows them to invest in productive assets (better quality livestock) and enhances their perceived social status within the family and community as they become recognised as key contributors to household earnings.

4. Handloom and Craft SHGs (North-East India)

- **Focus:** Reviving traditional skills and securing market linkages.
- **Impact:** These groups pool resources to buy raw materials and leverage the collective brand to market traditional weaves and crafts beyond local markets, often using e-commerce platforms. The members experience profound financial upliftment by moving beyond the exploitation of middlemen. The group

structure preserves cultural heritage while providing the women with enhanced self-esteem and recognition for their artisan skills.

5. Bank Sakhi Model (Andhra Pradesh and other States)

- **Focus:** Financial inclusion and employment in the banking sector.
- **Impact:** Trained SHG members are positioned in rural bank branches as Bank Sakhis (Banking Correspondents' Agents). Their role is to facilitate banking transactions for other SHG members and the wider community. This provides a formal, paid livelihood to the *Sakhi*, representing a significant leap in professional empowerment. By reducing the distance between rural women and formal financial institutions, they become catalysts for financial literacy in their villages.

6. Organic Farming and Value-Addition SHGs (Maharashtra)

- **Focus:** Transition to high-value organic agriculture.
- **Impact:** Groups collaborate to transition to organic farming, which secures better market prices for their produce. By engaging in value-addition activities (like grinding spices, making pickles, and packaging pulses), they capture the profit margin otherwise taken by processors. This collective economic activity fosters a high degree of internal democratic practice, as decisions on production, pricing, and profit distribution are made through consensus.

7. Solar Didi/Urja Sakhi SHG (Rajasthan and Uttar Pradesh)

- **Focus:** Training women in non-traditional, technical livelihoods.
- **Impact:** Women from SHGs are trained in assembling, installing, and maintaining solar panels and other clean energy devices. This highly technical and non-traditional work challenges deep-rooted gender stereotypes about women's capabilities. Their ability to solve technical problems for the community drastically improves their social respect and self-confidence, positioning them as critical service providers.

8. COVID-19 Response SHGs (National)

- **Focus:** Crisis management and rapid income generation.
- **Impact:** During the national lockdown, millions of SHG members rapidly mobilised to produce masks, personal protective equipment (PPE), and sanitizers. They also ran community kitchens to feed migrant workers and the poor. This demonstrated the immense institutional capability and collective action of the SHG platform, proving that these groups are effective first responders and providing members with immediate economic relief and a sense of pride in serving their community during a national crisis.

9. Micro-Enterprise Federations (Bihar and Jharkhand)

- **Focus:** Scaling up local production through a second-tier institution.
- **Impact:** Successful SHGs often federate at the village or block level to form stronger institutions (Village Organisations, Cluster Level Federations). These federations handle bulk purchasing, quality control, and large contract acquisition. This scaling up leads to significant political visibility and economic sustainability, as the federations can negotiate with large buyers, secure government tenders, and advocate for policy changes, thus amplifying the women's collective voice.

10. Water and Sanitation SHGs (Across States)

- **Focus:** Providing community utility services.
- **Impact:** In areas lacking basic infrastructure, SHGs have taken up the operation and maintenance of community water and sanitation units. They charge a nominal fee, ensuring the service is viable and sustainable. This shift in role from being beneficiaries of public services to becoming managers of public utilities provides unparalleled community leadership and recognition, demonstrating that women can effectively manage complex infrastructure and public finance.

Conclusion

The Self-Help Group movement stands as a powerful, proven model for women's empowerment in India. Supported by a robust microfinance infrastructure and national missions, SHGs have successfully brought financial services to millions of rural women, translating economic gains into tangible improvements in their social status and community influence. The diverse case studies, from dairy collectives to financial agents, underscore the SHGs' adaptability and transformative potential.

To ensure long-term sustainability and deeper empowerment, future policy must pivot from mere credit-linking to a focus on skill up-gradation, market integration (including digital commerce), and strengthening the federations to handle governance and business development independently. SHGs are not just instruments of poverty alleviation; they are schools of democracy and entrepreneurship that are fundamentally reshaping the role of women in the Indian economy and society.

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