

# Self-Help Groups and Their Impact on Women's Empowerment

Dr. Shweta Patel<sup>1</sup>, Amit Agrawal<sup>2</sup>, Krish Singh Thakur<sup>3</sup>, Manav Agrawal<sup>4</sup>

<sup>1</sup>Assistant Professor, Amity Business School, Amity University Chhattisgarh

<sup>2,3,4</sup>Student of BBA, Amity Business School, Amity University Chhattisgarh

*Abstract*—Self-help groups have become a driving force for change in the lives of women, especially in rural areas. By coming together in small collectives, women not only gain access to credit and financial resources but also discover a space where their voices are heard and valued. This paper examines how SHGs contribute to women's empowerment by building confidence, encouraging participation in decision-making, and opening doors to new opportunities such as entrepreneurship and skill development. Beyond the financial aspect, SHGs foster solidarity, mutual support, and awareness of rights, which gradually shift traditional power dynamics within families and communities. The study also highlights the challenges that women face such as limited training, restricted market access, and cultural barriers that prevent SHGs from reaching their full potential. Yet, the evidence shows that when supported with the right policies and capacity-building initiatives, SHGs can truly transform women's lives, creating ripple effects that benefit families, communities, and society at large.

The research also highlights that empowerment is not just about income but about identity and dignity. Women associated with SHGs often report increased mobility, greater say in household matters, and higher aspirations for their children, especially daughters. However, challenges such as inadequate training, limited access to markets, and persisting socio-cultural barriers continue to slow progress. The study concludes that strengthening SHGs through better policy support, financial literacy, and sustainable practices can unlock their full potential. When women are empowered, the benefits extend beyond individuals, creating lasting positive change for families, communities, and society as a whole.

The research also highlights that empowerment is not just about income but about identity and dignity. Women associated with SHGs often report increased mobility, a greater say in household matters, and higher aspirations for their children, especially daughters. However, challenges such as inadequate training, limited access to markets, and persisting socio-cultural barriers continue to slow progress. The study concludes that strengthening SHGs through better policy support, financial literacy,

and sustainable practices can unlock their full potential. When women are empowered, the benefits extend beyond individuals, creating lasting positive change for families, communities, and society as a whole.

## I. INTRODUCTION

Women's empowerment has become a significant issue in the development agenda worldwide. Nowhere is the need for gender empowerment from the bottom up more urgent than in India, where gender inequality is ingrained in the socio-cultural and economic fabric. One such transformative strategy is the encouragement and promotion of self-help groups, which are community-based organisations of the agency of the poor that consist of 15-20 women who come together to make collective decisions on saving and credit and, in addition to that, to engage in income generation activities. The SHGs have acted not only as financial intermediaries but also as an instrument of social and political empowerment.

Our data provide rich information on female empowerment, nutritional status, consumption, income, and assets that can be used as measures of the economic and social impacts. Nearly half of the world's population is female, and among them, two-thirds of all adult illiterates are female. As the "silent majority" of the world's impoverished, women are the most disadvantaged group in society, according to the FAO. Women make up 70% of the global impoverished population. They deal with unique social, cultural, political, educational, and related issues. Despite helping to produce up to 80% of the food in developing nations, rural women are only granted a small portion of farmland, 10% of credit, and 5% of extension advice, according to studies.

In practically every society, women are paid less for their labor, have less control over resources, and have

less power than men. They continue to operate as an "invisible" workforce. All of these inevitably have an impact on women's ability to open up, mature, develop, surpass, and succeed.

Women who are empowered can take charge of their lives and change the course of events. Control over resources and ideology, increased self-assurance, and a shift in consciousness within that allows one to overcome external challenges are all part of it. Women's empowerment is essential for the advancement of the nation as well as for their personal well-being.

India envisions a future where Indian women are autonomous and self-sufficient. Various national policies and developmental programmes have, at their core, the promotion of forming women into self-help groups, which begins a process of women empowerment. It is also important that women are equipped with skills in the modern trades that enable them to have economic self-reliance. Women's empowerment can happen through creating awareness and knowledge, skills and technology usage efficiencies, and in the process promoting the overall development of society. The idea of a self-help group

has emerged as a great tool for women's empowerment. SHG is an organization of rural poor people, specifically women entrepreneurs, that provides microcredit to facilitate their entrepreneurial activity. Engagement in income-generating activities contributes towards the overall empowerment of women. Hence, in order to examine the empowerment of women through entrepreneurial activities of self-help groups, the present study was carried out with the articulated objective of studying empowerment.

To explore women's empowerment through entrepreneurial activities of Self-Help Groups (SHGs), this study aimed to examine empowerment in its many forms. The study looks at how women's entrepreneurship through SHGs affects their economic independence, social mobility, access to resources, participation in family decisions, and overall quality of life. It also investigates how collective action through SHGs increases solidarity, bargaining power, and women's voices in economic and social issues. Analyzing this aspect will help us understand the transformative role of SHGs as tools for women's empowerment and rural development.

Year	No. of SHGs linked with banks	Total Bank Loan	Source
1992-93	255 SHGs	₹ 29 lakh	NABARD Annual Report
1993-94	620 SHGs	₹ 88 lakh	NABARD
1994-95	2,765 SHGs	₹ 3.59 crore	NABARD
1995-96	4,757 SHGs	₹ 6.06 crore	NABARD
1999-2000	1.14 lakh SHGs	₹ 193 crore	NABARD
2005-06	22.38 lakh SHGs	₹ 11,398 crore	NABARD
2010-11	69.53 lakh SHGs	₹ 14,547 crore	NABARD

## II. LITERATURE REVIEW

Self-help groups have proved to be a boon to the womenfolk in the rural areas of the country. In simple terms to put, SHGs mean the coming together of the womenfolk, as it involves the amalgamation of women's savings and the resources which helps to strengthen the women socially and financially.

Naila Kabeer reminds us that empowerment goes beyond finances; instead, it is having the confidence and the freedom to make meaningful choices in one's life. From this perspective, SHGs often provide the first step towards empowerment access to savings,

loans, and collective social support. NABARD and World Bank reports highlight that these groups enhance credit opportunities, strengthen intra-group trust, and boost women's participation in local governance. A good number of women claim to have increased confidence, mobility, and participation in home and community activities.

At the same time, the research does seem to conflict with itself. For instance, Banerjee et al. seems to conclude that although self-help groups foster the growth of small-scale entrepreneurship and greater financial engagement, there are no immediate improvements to the income, health, and education

metrics. Women, to some extent, face the burden of repaying loans or taking on additional responsibilities without significant shifts to the prevailing social norms. Within the scope of the research, one can undoubtedly conclude that self-help groups can aid in a woman's empowerment journey, but money is insufficient on its own. The most effective and sustainable impact is observed with the inclusion of comprehensive training sessions alongside awareness programs and a robust support system. For a large number of women, the most transformative aspect of self-help groups is not the financial autonomy but the friendships, self-esteem, and a united voice that they are able to collectively rally around.

Several researchers have looked into how Self-Help Groups affect women's empowerment, especially in India. Hashemi, Schuler, and Riley (1996) said that getting microcredit through SHGs is connected to women being more involved in making decisions at home and in the community. Their research showed that women who have access to credit usually feel more confident and have more control over how they use their money. Puhazhendhi and Satyasai (2000) also found that SHGs help women earn more money and also help them develop leadership skills and work together to make decisions in rural areas.

Kumar and Anand (2013) say that the SHG movement has quietly changed the social and economic life of rural areas in India. Their work shows that when women join SHGs, they gain more say in their homes and become more involved in local decision-making. This is similar to what Singh and Sharma (2014) found, who stress that SHGs are powerful tools for both economic and social empowerment. They help women stand up against traditional gender roles and increase their place in society.

The Reserve Bank of India (RBI) and NABARD have also noted the wide impact of the SHG Bank Linkage Programme.

NABARD's reports from 2015 and 2020 highlight that SHGs do more than just provide banking services. They help women save money regularly, lessen their reliance on risky loans from informal lenders, and improve their understanding of money matters. The World Bank (2018) agrees that when women work together in SHGs, they become stronger and more united. This helps their communities survive tough

times by building support networks and making it easier to get loans from banks.

More recent studies, like Reddy and Manak (2020), show that SHGs have changed from just being groups that offer loans to becoming strong tools for community efforts, spreading health knowledge, and pushing for social improvements. Now, SHG groups work with government agencies, non-profit organizations, and private companies to run projects that help people earn a living, improve sanitation, and teach digital skills. This change has made SHGs go beyond giving small loans to becoming key players in transforming rural areas overall.

Despite all that, most studies agree that SHGs help empower people at the local level. They offer job opportunities and also help women build a sense of community. This lets them stand up for their rights and take part in improving their communities. The mix of getting better financial support, joining together in groups, and changing their own lives is what makes SHG-led empowerment work.

### III. OBJECTIVES AND HYPOTHESES

Specific objectives of self-help groups are as follows:  
Specific Objectives

1. To look at how participating in SHGs affects women's economy, including how much money they earn, how they save, and how easily they get loans and use resources for work.
2. To check how much social power women gain through SHGs by looking at how much control they have in making decisions, how much they move in society, and how involved they are in their communities.
3. To understand how being part of an SHG affects women's confidence, how they feel about themselves, and how often they speak up in their families and communities.
4. To explore how SHGs help women get involved in politics, especially in local leadership, working together for common goals, and taking on important roles.
5. To find out what factors, like having access to money, getting training, support from others, and

improving skills, help women become more empowered through SHG membership.

6. To examine the difficulties women face in staying empowered, such as rules from institutions, social pressures, and money problems.
7. To suggest ways to make SHGs better tools for empowering women in a fair and lasting way, especially in rural and semi-urban areas of India.

#### Research Hypotheses

Based on past research and understanding of the SHG movement and women's empowerment, these hypotheses have been developed:

##### Economic Empowerment Hypotheses

H1: When women join self-help groups, their personal and family income tends to go up.

H2: Women in SHGs are more likely to save money and have better access to proper banking services than those who are not in such groups.

H3: Women who are part of SHGs are more likely to own and manage resources that help them make a living compared to women who are not in SHGs.

##### Social Empowerment Hypotheses

H4: Being part of a self-help group helps women take part more in making decisions at home.

H5: Participating in a self-help group makes women more mobile socially and helps them speak up confidently in their community and beyond.

H6: Joining a self-help group encourages women to get involved in community events and local government meetings.

##### Psychological Empowerment Hypotheses

H7: Joining SHGs helps women feel more confident and valued in themselves.

H8: Women who take part in SHGs gain a better sense of control over their lives and feel more comfortable speaking up in their families and communities.

##### Political Empowerment Hypotheses

H9: Women who are members of self-help groups are more likely to join Panchayati Raj institutions and other local government groups.

H10: Being part of a self-help group helps women develop leadership skills, making them more likely to take on leadership or representative roles in their groups or communities.

Overall Impact Hypothesis

H11: There is a strong positive connection between how long and how much someone is involved in SHG and the overall level of women's empowerment.

H12: The results of being part of an SHG in terms of empowerment are influenced by having access to training, support from others in the group, and connections to the market.

## IV. CASE STUDY

### Case Study 1: Kudumbashree Mission – Empowering Women through SHGs in Kerala

#### Introduction

The Kudumbashree Mission was started in 1998 by the Government of Kerala. It is one of the best poverty reduction and women empowerment programs in India, based on the Self-Help Group (SHG) model. It works under the State Poverty Eradication Mission (SPEM) and aims to improve the social and economic lives of women by working together and providing small loans.

#### Implementation and Structure

Kudumbashree has a three-level system:

1. Neighbourhood Groups (NHGs): These are the smallest groups, made up of 10 to 20 women.
2. Area Development Societies (ADS): These groups are formed at the ward level and bring together several NHGs.
3. Community Development Societies (CDS): This is the highest level, formed at the panchayat level and includes all the lower levels.

Women in poorer families save money together and give out small loans to other group members to help them start their own businesses, go to school, or deal with emergencies.

Over time, the programme has grown to include more areas like small businesses, farming, and helping the community.

#### Outcomes and Impact

- Economic Empowerment: More than 4.5 million women have joined SHGs under Kudumbashree.
- Many have started small businesses like cooking, sewing, making crafts, and farming.
- Social Empowerment: Women have gained more say in their homes and in the community.

- They take part in local government through the panchayats.
- Financial Inclusion: Kudumbashree has connected women with banks, making it easier for them to get loans and manage their money.

#### Key Success Factors

- Support from the government and other institutions.
- Fair and open ways of making decisions.
- Combining microfinance with job opportunities and community development.

### V. CONCLUSION

Kudumbashree shows how SHGs can help communities grow and change for the better by connecting money and social progress.

Its model has inspired similar programmes in other parts of India.

Case Study 2: Self-Help Group Movement in Andhra Pradesh – The SERP Model

#### Introduction

The Society for Elimination of Rural Poverty (SERP), established in 2000, stands as one of the most extensive and influential Self-Help Group (SHG) initiatives in India.

Initiated under the “Indira Kranthi Patham (IKP)” initiative with World Bank backing, the project sought to combat poverty and empower women through the creation of SHGs and the development of their capabilities.

#### Implementation and Approach

SERP worked to bring together rural poor women into SHGs and to form federations at the village level (VOs) and district level (MS).

These groups supported savings, credit, and alternative income-generating activities. The initiative also concentrated on establishing community-driven, sustainable livelihoods and promoting financial literacy.

#### Achievements and Impact

- Poverty Reduction: More than 11 million women were included in over 900,000 SHGs throughout the state.

- SHGs under SERP saw increased household earnings and less reliance on informal lenders.
- Micro-Enterprise Development: Women-led entrepreneurs established small-scale businesses such as dairy farms, poultry units, retail outlets, and food processing enterprises.
- Social Impact: There was a noticeable increase in the involvement of women in local governance and decision-making.
  - SHGs actively tackled issues such as domestic violence, child marriage, and educational access.
- Financial Linkages: SERP facilitated collaborations with financial institutions, resulting in significant credit distribution through the SHG Bank partnership program, making Andhra Pradesh a leader in microfinance accessibility.

#### Key Learnings

- Sustaining SHGs necessitates continuous capacity building and training.
- Institutional backing and community-based ownership contribute to long-term success.
- Merging financial services with livelihood programs fosters comprehensive development.

#### Conclusion

The SERP model in Andhra Pradesh has demonstrated that well-structured SHGs can drive both economic advancement and social transformation.

### VI. FINDINGS

This study shows that women's empowerment through Self-Help Groups (SHGs) comes from a mix of economic, social, and institutional factors. The SHG movement started as a pilot project by NABARD in 1992 and has grown into one of the biggest community-based empowerment programs in the world. The analysis finds that things like group savings, small loans, and mutual help networks not only give women better access to money but also help them have more power in their homes and communities. Programs like DAY-NRLM, Kudumbashree, and Sai Sakthi SHG show that lasting change needs a combination of financial help, social

awareness, skill training, and involvement in local governance. Reports show that being part of SHGs is linked to better income, higher literacy, and greater ability to make decisions among women in rural areas. Even small and regular group activities have led to noticeable improvements in confidence, leadership, and movement. However, the findings also show that empowerment isn't the same everywhere. States like Kerala and Tamil Nadu have strong SHG models with good support from institutions, but places like Bihar and Madhya Pradesh still face problems like inconsistent savings, reliance on government support, and resistance from traditional gender roles. Deep-seated issues like poor connections to markets, low education levels, and lack of digital skills stop women from growing their businesses. Also, just having access to money isn't enough for empowerment it needs to be paired with education, training, and changes in attitudes. The evidence shows that true empowerment comes from shifting social norms, where women gain not only income but also independence, self-worth, and a sense of being part of a group. Supporting SHGs through better training, proper monitoring, and linking groups together can lead to more lasting empowerment and help create fairer rural development.

#### VII. AUTHOR'S SUGGESTION

To make women's empowerment through Self-Help Groups (SHGs) last long, we need a complete and real approach. Policymakers should work on making SHGs better and more effective, not just create more of them. They should set up regular training, teach new skills, and help women understand money matters so they can run their businesses and earn money well. Connecting SHGs with markets, online tools, and banks can make their work more open and give them more income chances. Running local campaigns and working with NGOs and community groups is very important to fight problems like lack of education and unfair treatment of women. Getting young women involved and helping them take on leadership roles can make the groups last longer. Also, better teamwork between NABARD, NRLM, and local governments will help support, track, and measure how well the groups are doing. Overall, SHG programs must help women earn money while also building their confidence and awareness. By taking an inclusive and

skill-based way, SHGs can keep being strong tools for women's empowerment and helping rural areas in India grow.

#### VIII. CONCLUSION

Self-Help Groups (SHGs) have become one of the best tools for helping women in rural India gain more power and independence. The research clearly shows that SHGs are important in improving the social, economic, and mental well-being of women. By joining these groups, women have seen a big rise in their income, better access to loans, and the ability to make their own money-related choices. In addition to helping with money, these groups have also boosted women's confidence, improved their ability to talk and express themselves, and made them more involved in decisions at home and in their communities.

However, the research also shows that there is a need for ongoing training to build skills, teach people how to manage money, and improve connections to markets to make sure these groups can last long. Many SHGs still have problems like not saving regularly, not having easy access to technology, and not being managed properly. So, stronger help from the government, banks, and non-governmental organizations is really important.

In conclusion, SHGs have helped women move from being just part of the family to being key decision-makers in their homes and communities.

They not only improve their economic situation but also give them confidence, bring people together, and develop leadership skills among women in rural areas. With steady support and new ideas, SHGs can keep being a strong force for growth and change in India.