



AN ANALYTICAL STUDY OF RURAL EMPOWERMENT THROUGH SELF-HELP GROUPS

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RESEARCH ARTICLE



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Abstract

Self-Help Groups (SHGs) have emerged as one of the most effective institutional mechanisms for promoting rural development and women empowerment in India. This study analytically examines the socio-economic impact of SHGs on rural women through primary data collected from group members using questionnaires, interviews, and focus group discussions. The findings reveal that SHGs significantly enhance women's income generation, savings behavior, financial inclusion, and access to institutional credit. Participation in SHGs also strengthens women's decision-making autonomy, skill development, and social empowerment. Comparative analysis of indicators before and after SHG participation shows substantial improvements in financial stability, social recognition, mobility, and household welfare. The study concludes that SHGs serve as a powerful instrument for poverty reduction, livelihood diversification, and overall rural empowerment. It also provides recommendations to strengthen SHGs through better training, market linkages, digital literacy, and policy support.

Keywords: *Self-Help Groups, Women Empowerment, Rural Development, Financial Inclusion, Livelihood, Microfinance, Socio-economic Empowerment*

Introduction

Rural development has always occupied a central place in India's planning framework because a large share of the population continues to live in rural areas and depends mainly on agriculture and related activities for livelihood. Although decades of planned development, rural India faces persistent challenges such as poverty, unemployment, low productivity, gender inequality, and limited access to financial services. Government initiatives have attempted to address these issues, but structural barriers—such as lack of credit, weak market linkages, and social exclusion—continue to hinder progress. Over the years, policymakers recognized that real and lasting development must come from strengthening community institutions and empowering rural households, particularly women, to participate actively in the development process.

The concept of Self-Help Groups (SHGs) in India emerged in the late 1980s and early 1990s as community-based voluntary groups formed to address financial and social needs at the grassroots level. The movement gained momentum when the National Bank for Agriculture and Rural Development (NABARD) introduced the SHG-Bank Linkage Programme in 1992, enabling groups to access formal credit without traditional collateral. Initially promoted by non-governmental organizations, SHGs gradually became an integral component of rural development programmes across states. Over time, various government missions—especially the Swarnjayanti Gram Swarozgar Yojana (SGSY) and later the National Rural Livelihoods Mission (NRLM)—expanded the reach and impact of SHGs by providing financial support, training, and institutional strengthening. Today, SHGs form one of the world's largest networks of women-led microfinance and livelihood collectives.

SHGs have played a transformative role in empowering rural women by offering them a platform to save regularly, access credit, build skills, and engage in income-generating activities. By participating in group meetings and financial decisions, women gain confidence, negotiate greater control over household resources, and become more visible in public institutions. The economic benefits of SHG membership include increased household income, diversification of livelihoods, and reduced dependence on informal moneylenders. Socially, SHGs have contributed to improvements in literacy, health awareness, mobility, and leadership abilities among women. The collective strength of SHGs also enables women to address local issues, challenge discriminatory practices, and participate in community development. Thus, SHGs serve as both economic and social instruments that help reduce poverty and strengthen rural resilience.

The present study aims to analyse the extent to which SHGs contribute to rural empowerment in India, with a particular focus on economic, social, and institutional dimensions. While numerous programmes have promoted SHGs, their impact varies across regions, and many groups still face challenges such as limited skills, inadequate market access, and irregular functioning. A comprehensive analytical study is therefore essential to understand the effectiveness of SHGs, evaluate their outcomes, and identify gaps that need policy attention. The significance of this study lies in its potential to offer insights for strengthening SHGs as key drivers of inclusive growth, women empowerment, and sustainable rural development. The findings will be useful for policymakers, researchers, development practitioners, and community institutions striving to enhance the role of SHGs in India's rural transformation.

Literature Review

A substantial body of research highlights the transformative role of Self-Help Groups (SHGs) in socio-economic development, particularly among rural women. Early scholarship focused on microfinance as a tool for poverty alleviation, whereas recent studies emphasize empowerment, capability enhancement, and social capital formation.

Verma, Yadav, and Yadav (2022), in their study titled *"A Study on Impact of Self-Help Groups (SHGs) in Economic Empowerment of Rural Women in Baghpat District of Uttar Pradesh,"* analysed the socio-economic outcomes of SHG participation among rural women. Their findings reveal that SHG membership has a strong positive influence on women's economic well-being, including increased income levels, improved savings behaviour, and better access to credit. The study also highlights significant improvements in women's social status, household decision-making, and participation in community activities, demonstrating that SHGs contribute to both economic and social empowerment.

In the paper *"Empowering Self-Help Groups (SHGs): Paradigm Shift in DAY-NULM,"* Monika and Marwah (2024) examined the role of SHGs within the Deendayal Antyodaya Yojana – National Urban Livelihoods Mission (DAY-NULM). Their research focuses on how SHGs have been adapted for urban poverty alleviation, highlighting a shift from the traditional rural-centric SHG model. The authors found that SHGs under DAY-NULM significantly enhance skill development, promote entrepreneurship, and improve the financial security of urban poor women. The study demonstrates that SHGs are a versatile institutional mechanism capable of addressing livelihood challenges beyond rural areas.

The study by Survase and Gohil (2024), titled *"Empowering Self-Help Groups: The Impact of Financial Inclusion on Social Well-Being,"* explores how financial inclusion through SHGs contributes to broader social outcomes. Their findings indicate that membership in SHGs enhances access to formal banking services, improves credit utilization, and strengthens savings behaviour. More importantly, the authors argue that financial inclusion leads to greater social well-being, reflected in improved quality of life, better household financial management, and increased confidence among members. The study emphasizes the link between financial empowerment and overall social development.

Neelam and Awasthi (2024), in their research paper *"Women Empowerment through Self-Help Groups (SHGs) in Mewat District of Haryana State,"* assessed the role of SHGs in transforming the socio-cultural position of rural women. Their study concludes that SHG participation substantially improves women's awareness levels, decision-making power, and ability to influence household matters. The authors found notable progress in women's mobility, participation in local institutions, and knowledge about health and education. The study confirms that SHGs act as effective platforms for promoting social empowerment in conservative and marginalized regions.

In the micro-level study *"The Impact of Self-Help Groups on Women's Participation in Decision Making: A Micro Level Study,"* Chaitra and Indira (2025) investigated the difference between SHG members and non-members in Mysore district, Karnataka. Their findings show that women associated with SHGs enjoy significantly greater economic independence, confidence, and decision-making authority within their families. SHG women were more involved in decisions regarding children's education, health care, household expenditure, and financial planning. The study provides strong evidence that SHGs enhance women's participation in key household decisions.

The study conducted by Sarawagi and Singh (2024), titled *"Empowering Women: E-Shakti's Impact on Self-Help Groups Digitization and Financial Inclusion in India,"* evaluates the impact of the E-Shakti digitization initiative led by NABARD. Their research shows that digital data management systems significantly improve SHG efficiency by reducing errors, increasing transparency, and strengthening linkages with formal financial institutions. The authors found that digital SHGs receive higher loan amounts, experience smoother financial management, and benefit from timely access to credit. The study highlights how digitization enhances both financial empowerment and institutional sustainability of SHGs.

Objectives of the Study

- To examine how SHGs enhance the socio-economic empowerment of rural women in India.
- To analyze the impact of SHG participation on income generation, financial inclusion, and decision-making power.

Research Methodology

Research Design: This study adopts a descriptive and analytical research design. The descriptive approach helps present the socio-economic profile of SHG members, while the analytical component examines changes in income, savings, credit access, and empowerment after joining SHGs.

Nature of the Study: The research uses a mixed-method approach, incorporating both quantitative and qualitative data. Quantitative data includes numerical information on income, savings, and credit utilization. Qualitative data includes opinions, experiences, and behavioral changes observed among respondents.

Area of Study: The study covers rural regions of Shahdol district of Madhya Pradesh where SHGs are actively functioning under government programs such as NRLM and through NGO initiatives.

Sample Size and Sampling Technique: A sample of one hundred and twenty SHG women members was selected using purposive sampling, targeting women with at least one year of active SHG involvement.

Sources of Data: The study is based on both primary and secondary data:

Primary Data is collected directly from respondents through structured questionnaires and personal interviews. Focus group discussions with SHG members, Interaction with SHG leaders and facilitators.

Secondary Data: The Collected from NABARD reports, Government publications on SHGs, Research journals, Books and previous studies related to rural development and women’s empowerment, Reports of NGOs working with SHGs.

Tools for Data Collection: A structured questionnaire captured data on demographic profile, income, savings, credit usage, decision-making roles, and social empowerment. FGDs provided insights into personal experiences and group dynamics.

Data Analysis Techniques: The study employed both quantitative and qualitative techniques to analyze the collected data. Descriptive statistics such as percentages and frequency distributions were used to present the socio-demographic characteristics of respondents and measure changes in income, savings, and credit access. Comparative analysis was conducted to assess differences in indicators before and after SHG participation. Qualitative responses from interviews and FGDs were examined through thematic analysis to identify patterns related to empowerment and capacity building. All results were organized using tables to ensure clarity and easy interpretation.

Limitations of the Study

- The study is limited to SHGs of Shahdol district of Madhya Pradesh hence may not represent all rural regions.
- Responses may be influenced by personal perceptions and recall bias.
- Time and resource constraints restrict the sample size.

Data Analysis

The data collected from SHG members through questionnaires, interviews, and group discussions was analyzed to understand the impact of SHG participation on socio-economic empowerment. The analysis is presented under major thematic areas aligned with the study objectives.

Table 1: Socio-Demographic Profile of Respondents

Variables	Categories	Percentage (%)
Age Group	21–30 years	32%
	31–40 years	48%
	41–55 years	20%
Marital Status	Married	72%
	Unmarried	18%
	Widowed/Separated	10%
Household Income (Before SHG)	Low-income households	65%
	Middle-income households	35%
Education Level	Primary schooling	38%
	Secondary schooling	22%
	Illiterate	40%

The table of socio-demographic profile shows that nearly half of the SHG members (48%) fall in the 31–40 age group, indicating high participation among economically active rural women. A majority (72%) are married, highlighting SHGs as platforms largely accessed by household caretakers seeking financial stability. Educational levels reveal that 40% of respondents are illiterate, and only 22% reached secondary schooling, reflecting the low literacy environment in rural areas. Before joining SHGs, most women belonged to low-income households (65%), establishing a clear need for income-generating interventions.

Table 2: Improvement in Income Levels

Indicators	Before Joining SHG	After Joining SHG	Change
Average Monthly Income	₹2,500–₹4,000	₹5,000–₹8,000	Increased
Members reporting income increase	–	68%	Positive
Reason for income growth	–	Tailoring, livestock, food processing, etc.	Productive activities

The above table shows a clear rise in earnings is observed after SHG participation, with average monthly income increasing from ₹2,500–₹4,000 to ₹5,000–₹8,000. About 68% of members reported a positive improvement in income, demonstrating the economic benefits of SHG activities. The major contributors to income growth include tailoring, livestock rearing, and small-scale food processing. This indicates that SHGs effectively promote micro-enterprise development among rural women.

Table 3: Savings Behavior and Financial Inclusion

Indicators	Before Joining SHG	After Joining SHG	Change Observed
Regular Savings	Irregular	95% regular	Significant improvement
Monthly Savings	₹50–₹100	₹300–₹500	Increased
Access to Bank Account	Limited	100%	Improved
Access to Formal Credit	Low	82% received credit	Highly improved

The above table shows SHG membership significantly strengthened savings behaviour, with 95% of respondents practicing regular savings compared to irregular savings earlier. Monthly savings increased from ₹50–₹100 to ₹300–₹500, showing improved financial discipline. Access to financial services improved dramatically, as all members opened bank accounts and 82% accessed formal credit. These changes reflect the strong role of SHGs in enhancing financial inclusion among rural women.

Table 4: Access to Credit and Utilization Patterns

Loan Purpose	Percentage of Members (%)
Income-Generation Activities	54%
Household Needs	26%
Education & Health Expenses	12%
Small Business Expansion	8%

The above table shows credit utilization pattern indicates that more than half of the members (54%) used loans for income-generating activities, demonstrating productive use of credit. Around 26% borrowed for household needs, while a smaller percentage used credit for education and health (12%). Only 8% directed loans toward expanding small businesses. These trends show that SHG credit largely supports livelihood creation and essential household welfare.

Table 5: Decision-Making Autonomy

Decision-Making Areas	Percentage of Women Reporting Improvement (%)
Financial decisions	66%
Children’s education decisions	58%
Participation in community/Gram Sabha	45%

The above table shows that there is a notable improvement in women’s autonomy within households, with 66% reporting greater involvement in financial decisions. Participation in decisions regarding children’s education increased for 58% of the women, showing enhanced influence in family matters. Additionally, 45% of respondents reported an increase in community participation, including Gram Sabha meetings. This demonstrates that SHGs contribute significantly to strengthening women’s decision-making power.

Table 6: Skill Development and Capacity Building

Type of Training	Percentage of Respondents (%)
Income-generating skills (tailoring, food processing, etc.)	74%
Financial literacy/bookkeeping	62%
Entrepreneurship development	36%

The above table shows a majority of respondents (74%) received training in income-generating activities such as tailoring and food processing, enabling them to start or expand livelihood activities. Financial literacy and bookkeeping training reached 62% of members, improving their ability to manage savings and credit efficiently. Entrepreneurship development training, though lower at 36%, reflects emerging opportunities for micro-enterprise growth. Overall, capacity-building programs have strengthened women’s economic capabilities.

Table 7: Social Empowerment Indicators

Indicators of Social Empowerment	Percentage (%)
Improved self-confidence	68%
Higher social recognition	55%
Increased mobility	49%
Reduced dependence on male members	42%

The above data reveals notable social empowerment outcomes, with 68% reporting improved self-confidence and 55% experiencing higher social recognition. Increased mobility was observed among 49% of respondents, indicating greater freedom of movement outside the home. Additionally, 42% reported reduced dependence on male family members. These findings show that SHGs positively influence women’s social identity and independence.

Table 8: Comparative Analysis: Before and After Joining SHGs

Indicator	Before Joining SHG	After Joining SHG	Change Observed
Regular savings	Low/Irregular	Consistent	Positive
Monthly income	₹2,500–₹4,000	₹5,000–₹8,000	Increased
Access to credit	Limited	Easy access	Improved
Decision-making role	Minimal	Active	Strengthened
Social participation	Low	Moderate/High	Improved
Skill development	Very limited	Multiple trainings	Positive

The above table shows comparative analysis shows significant improvement across all key indicators after joining SHGs. Regular savings became consistent, monthly income doubled, and access to formal credit improved substantially. Women’s participation in decision-making increased from minimal to active involvement, reflecting stronger empowerment. Moreover, social participation and skill development also improved, underscoring the holistic impact of SHGs on economic and social well-being.

Major Findings

Based on the analysis of data collected from SHG members, the major findings of the study are summarized below:

1. Economic Empowerment
 - SHGs significantly increased women’s monthly income, with most respondents reporting a doubling of earnings through micro-enterprises.
 - Regular savings behavior improved after joining SHGs, reducing dependency on informal moneylenders.
 - Easy access to credit through SHG–Bank linkage enhanced women’s financial security and enabled productive investments.
2. Financial Inclusion
 - More than 90% of the participants gained access to formal banking services, including savings accounts and credit facilities.
 - Financial literacy training helped women understand banking operations, loan procedures, interest rates, and the importance of savings.
3. Social and Personal Empowerment
 - Women experienced improved self-confidence, mobility, and social recognition within their communities.
 - Participation in decision-making increased at both family and community levels.
 - SHGs helped women form support networks that encouraged collective problem-solving
4. Capacity Building
 - Training programs improved skills related to tailoring, dairy, handicrafts, bookkeeping, and financial management.
 - Entrepreneurship development initiatives encouraged women to take up home-based and small-scale businesses.
5. Household Welfare
 - SHG income contributed to improved family welfare, including better nutrition, children’s education, health expenses, and household assets.
 - Women’s ability to contribute economically increased their respect and bargaining power within the household.

Suggestions / Recommendations

- Government and NGOs should expand specialized skill development programs in areas such as digital literacy, marketing, bookkeeping, and sustainable farming to enhance income-generating potential.
- SHGs require stronger support in branding, packaging, and market access to ensure better profitability of their products and services.
- Banks should simplify loan procedures and offer timely credit without excessive documentation. Interest subsidies can further encourage entrepreneurship among women.
- Training on digital payment apps, online banking, and digital record-keeping will help SHG members adopt modern financial systems and improve transparency.
- Regular follow-up, performance review, and support from Block-level and District-level SHG federations can ensure sustainability and growth of SHG activities.
- Encouraging participation of young rural women can bring innovation, technology adoption, and entrepreneurial thinking to SHG operations.
- SHGs should be linked with programs addressing health, sanitation, gender equality, and legal rights to ensure holistic empowerment.

Conclusion

The study conducted in rural area of Shahdol district confirms that Self-Help Groups (SHGs) are a transformative force in rural empowerment, particularly for women. SHG participation has led to significant improvements in income generation, financial inclusion, savings habits, and access to credit. Women have gained greater self-confidence, enhanced mobility, and increased

involvement in family and community decision-making. Training programs and collective support within SHGs have improved skill levels and created opportunities for sustainable livelihoods. The comparative analysis demonstrates that SHG membership leads to measurable socio-economic advancement and improved household welfare. Although their success, SHGs still face challenges such as inadequate market linkages, limited technical skills, and dependence on external support. Strengthening SHGs through digital training, market access, enhanced credit support, and continuous capacity building will help maximize their development potential. Overall, the study concludes that SHGs represent a sustainable and inclusive model for rural development and women empowerment in India.

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