

"Empowering Women through Self-Help Groups: Pathways to Gender Equality and Financial Autonomy"

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Abstract: Self-Help Groups (SHGs) in India have emerged as a pivotal grassroots mechanism for empowering rural women through collective financial practices and social mobilization. Originating in the 1980s and institutionalized through initiatives like the SHG–Bank Linkage Programme by NABARD, SHGs have evolved into transformative agents of financial inclusion, social development, and gender equality. This study examines the multifaceted role of SHGs in promoting women’s financial autonomy, enhancing decision-making capabilities, and fostering leadership within households and communities. Despite notable progress, challenges such as gender-based discrimination, limited market access, and inadequate institutional support continue to impede the realization of sustainable empowerment. Through a conceptual framework of empowerment, gender equality, and financial autonomy, the study identifies gaps and recommends targeted policy interventions, including skill development, digital access, and strengthened market linkages, to reinforce SHGs as instruments of inclusive and long-term socio-economic change.

Key Words: Self-Help Groups (SHGs), Women Empowerment, Financial Inclusion, Rural Development, SHG–Bank Linkage Programme, NABARD, Financial Autonomy, Social Mobilization, Gender Equality, Decision-Making Power, Leadership Development, -Based Discrimination, Market Access, Institutional Support, Skill Development, Digital Literacy, Policy Interventions, Socio-Economic Change, Inclusive Development, Empowerment Framework,

1. Introduction:

1.1. Background of SHGs in India: Self-Help Groups (SHGs) in India began gaining momentum in the 1980s as a grassroots approach to empowering rural women through collective savings and credit mechanisms. The SHG–Bank Linkage Programme, launched by NABARD in 1992, institutionalized the movement by integrating SHGs into the formal financial system, significantly contributing to financial inclusion and rural development (NABARD, 2020). Over time, SHGs have evolved into instruments of social change, promoting women’s empowerment, entrepreneurship, and community leadership (Sinha & Sinha, 2016).

1.2 Importance of SHGs in women’s empowerment: Self-Help Groups (SHGs) have played a vital role in advancing women's empowerment by providing access to credit, promoting income-generating activities, and enhancing decision-making power within households and communities. Through collective participation, SHGs have improved women’s self-confidence, leadership skills, and social mobility, particularly in rural and marginalized regions (Desai & Joshi, 2019). They have also been instrumental in challenging traditional gender norms and fostering economic independence (Swain & Wallentin, 2009).

1.3. Statement of the problem: Despite the widespread implementation of Self- Help Groups (SHGs) across India, many women still face barriers such as limited decision-making power, inadequate access to markets, and persistent gender norms that hinder their full economic participation. While SHGs have shown promise in improving financial access and social inclusion, their impact on achieving long-term gender equality and sustainable empowerment remains uneven and under-researched (Swain & Wallentin, 2009; Desai & Joshi, 2019). Therefore, it is crucial to critically examine how effectively SHGs function as agents of transformation for women's empowerment and financial autonomy.

1.4. Objectives of the study:

- To examine the role of Self Help Groups (SHGs) in promoting financial independence among women.
- To analyze the contribution of SHGs to gender equality within households and communities.
- To assess the impact of SHG participation on women's decision-making power and leadership abilities.

- To identify the challenges faced by women in achieving empowerment through SHGs.
- To suggest policy measures and interventions to strengthen SHGs as tools for sustainable women's empowerment.

1.5 Scope of the study: This study focuses on evaluating the role of Self Help Groups (SHGs) in promoting women's financial autonomy and gender equality, particularly in rural and semi-urban areas. It explores how SHG participation influences women's access to credit, income-generating activities, social status, and decision-making power. The study also examines both the enabling factors and the barriers within SHG structures that impact the long-term empowerment of women

2. Conceptual Framework

2.1. Definitions of empowerment, gender equality, and financial autonomy:

Empowerment is the process through which individuals or groups gain the ability and agency to make choices, control resources, and influence decisions that affect their lives. It involves enhancing self-confidence, developing skills, expanding access to opportunities, and challenging existing power structures (Kabeer, 1999).

Gender equality means that individuals of all genders have equal rights, responsibilities, and opportunities in all areas of life, including economic participation, education, and decision-making. It does not imply that everyone should be the same, but that access to rights and opportunities should not depend on one's gender (UN Women, 2023).

Financial autonomy refers to an individual's ability to independently earn, manage, and make decisions about their own financial resources without reliance on others. It includes access to income, control over expenditures, savings, and participation in financial decision-making at personal and household levels (OECD, 2012).

2.2. How SHGs function and support women: Self Help Groups (SHGs) are small, voluntary associations of women, typically from similar socio-economic backgrounds, who come together to save regularly and access credit collectively. These groups promote financial inclusion by enabling women to take small loans for income-generating activities, emergencies, or household needs (NABARD, 2020). Beyond financial services, SHGs offer a platform for capacity building, leadership development, and social empowerment through regular meetings and collective decision-making (Desai & Joshi, 2019). By fostering solidarity and mutual support, SHGs help women gain confidence, economic independence, and greater participation in family and community affairs.

2.3. Government policies/programmes supporting SHGs (e.g., NRLM, DAY): The Government of India has implemented several key programmes to strengthen Self-Help Groups (SHGs), notably the Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM), launched in 2011. This programme aims to promote sustainable livelihoods by organizing rural poor women into SHGs and providing them with financial, technical, and institutional support (Ministry of Rural Development, 2022). Additionally, schemes like the SHG–Bank Linkage Programme have enhanced access to credit and encouraged entrepreneurship among women (NABARD, 2020).

3. Role of SHGs in Empowering Women

3.1. Economic benefits: Self-help groups (SHGs) have significantly contributed to women's economic empowerment by enhancing access to credit, encouraging regular savings, and enabling income-generating activities such as tailoring, dairy, and small-scale trade (Swain & Wallentin, 2009). These financial activities not only improve household income and stability but also reduce dependence on informal moneylenders, promoting long-term financial security (NABARD, 2020).

3.2. Social impact: Self-help groups (SHGs) have led to significant social transformation by enhancing women's self-confidence, mobility, and participation in household and community decision-making (Desai & Joshi, 2019). They also foster social cohesion, collective identity, and awareness on issues like health, education, and gender rights, contributing to broader community development (Swain & Wallentin, 2009).

3.3 Education, health, and confidence-building: Participation in Self-Help Groups

(SHGs) has contributed to increased awareness among women about education, health practices, and child welfare, leading to improved outcomes in literacy and family well-being (Tripathi, 2019). Moreover, regular group interactions

and exposure to leadership roles help build self-esteem, communication skills, and confidence among rural women (Desai & Joshi, 2019)

4. Challenges Faced by Women in SHGs:

4.1. Gender-based discrimination: Despite the growing presence of Self-Help Groups (SHGs), women continue to face gender-based discrimination in the form of limited decision-making power, restricted mobility, and societal resistance to their economic participation (Kabeer, 1999). Deep-rooted patriarchal norms often undermine women's roles within both households and SHGs, limiting the full realisation of their empowerment (Desai & Joshi, 2019).

4.2. Market limitations, lack of training: Despite their potential, many Self Help Groups (SHGs) face challenges such as limited market access, poor pricing for their products, and inadequate marketing infrastructure, which hinder the scalability of their income-generating activities (NCAER, 2018). Additionally, the lack of formal training in business skills, product development, and digital literacy restricts their ability to compete in broader markets (Tripathi, 2019).

4.3. Access to formal credit and institutional support: Self-Help Groups (SHGs) have enhanced Women's access to formal credit through initiatives like the SHG–Bank Linkage Programme, enabling financial inclusion without traditional collateral requirements (NABARD, 2020). However, inconsistent institutional support, lack of awareness, and procedural barriers still hinder many SHGs from fully utilising available financial services (Desai & Joshi, 2019).

5. Recommendations:

5.1. Policy suggestions: To strengthen the impact of Self Help Groups (SHGs), policies should prioritize skill development, digital literacy, and market linkage programs tailored to rural women (Planning Commission, 2011). Additionally, greater financial incentives, simplified credit access, and gender-sensitive frameworks are essential to promote sustainable empowerment and reduce systemic barriers (Kabeer, 2005).

5.2. Enhancing financial literacy and digital access: Improving financial literacy among women in Self Help Groups (SHGs) is crucial for informed decision-making, effective savings, and access to formal credit systems (OECD, 2013). Digital access enables women to use mobile banking, digital payments, and online marketplaces, enhancing their economic participation and independence (Chandrasekhar et al., 2017). However, persistent digital divides—especially in rural areas—necessitate targeted training programs and infrastructure investment to ensure inclusive growth (ITU, 2021).

5.3. Need for skill development and market linkages: Skill development is essential for Self Help Group (SHG) members to enhance productivity, adopt modern techniques, and diversify income-generating activities (World Bank, 2014). However, without proper market linkages, the economic benefits of acquired skills remain limited, leading to underutilization of women's potential (Deshpande & Sharma, 2013). Strengthening training programs alongside reliable access to markets ensures sustainability, profitability, and long-term empowerment of SHG women (NABARD, 2020).

6. Conclusion: Self-Help Groups (SHGs) have played a transformative role in advancing women's financial independence, social participation, and leadership, particularly in rural India. By providing access to credit, encouraging savings, and fostering collective strength, SHGs have contributed significantly to financial inclusion and gender empowerment. However, persistent challenges—such as entrenched patriarchal norms, lack of market connectivity, and limited institutional backing—highlight the need for continued support and reform. Strengthening SHGs through targeted interventions in skill development, digital literacy, and policy support is essential to ensure that they remain effective instruments for achieving sustainable and inclusive development. The future impact of SHGs depends on how well these groups are integrated into broader socio-economic systems that prioritize equity, opportunity, and long-term empowerment for women.

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