

"Impact On Self Help Group On Women's Empowerment And Financial Inclusion"

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Abstract

Self-help groups (SHG) have emerged as influential platforms that promote women's empowerment and particularly in rural India. The participation of women in SHGS improves their economic, social and political situation. Through access to collective savings and microcredit, women gain economic freedom, increase income, and link with formal banking institutions, which in turn increase their financial literacy and decision-making ability. SHGs promote regular savings, facilitate easy access to credits, and encourage women's entrepreneurial ambitions, leading to a better standard of life and self-esteem. Statistically important evidence suggests that SHG membership is directly related to an increase in financial inclusion as it bridges the difference between bridges the gap between women and formal financial services. In addition, SHG provides facilities for the development of leadership skills, increases confidence, and supports women's participation in community level and domestic decisions. While challenges are particularly around stability, market access, and shifting deep-seated gender norms -SHG's collective functions have played an important role to change women financially self-sufficient and socially empowered agents, which lead to continuous and inclusive growth in their communities.

Keywords: *Self-Help Groups (SHGs), Women's Empowerment, Financial Inclusion, Microcredit, Entrepreneurship, Leadership Development, Rural Development*

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I. Introduction

In recent decades, SHG has become a major formite to pursue women agencies in rural India. These small, localized groups of 10–20 women engage themselves in collective savings and borrowing, often connected to banks and government programs such as National Rural Livelihoods Mission (NRLM), which covers millions of households. SHGs provides a platform for financial inclusion, skill development and collective action which are the key dimensions which can increase women's control over resources and decision-making power.

Literacy, asset ownership and workforce participation underlines the importance of India's gender inequalities, the importance of effective empowerment strategies combined with deeply surrounded social norms. Women empowerment includes options and expansion of agency, including the control of income, participation in production decisions, ability to reach resources and social respect.

Women empowerment is an important dimension of sustainable development, yet in many contexts, women, particularly in rural India, women have historically faced significant barriers to economic participation, financial autonomy, and decision-making, financial autonomy and decision making have faced significant obstacles to decide due to social, educational and cultural obstacles to make decisions. Self-help groups (SHG) have emerged as a transformative model in addressing these inequalities, providing women collective platforms for pool resources, increasing financial literacy, and reaching important financial services. Through regular meetings and shared savings, SHG not only facilitates access to microfinance and credit, but also supports skill development and promotes mutual support-women to improve their economic condition and involve in community decision making.

The SHG movement in India, supported by both government and civil society initiatives, has developed to become a major driver of financial inclusion, which reduces poverty and enhances the social and economic status of its members. Participation in SHGS enables women to become more self -reliant, develop confidence

and cultivate more control over domestic and livelihood decisions, thus plays an important role in challenging traditional gender norms and promoting inclusive growth

SHGs As A Tool For Financial Inclusion And Empowerment

SHGs promotes economic empowerment by mobilising savings and providing access to affordable credits, it is important in contexts where formal banking services often do not reach poor rural women. Beyond finance, SHGs provides facilities for skill development and entrepreneurship by conducting training in trades such as tailoring, handicrafts and sustainable farming. Participation in SHGs also enhances women's social networks, forms a subsidiary colleague group, and contributes to increasing their social and political participation, which includes roles in local rule such as Panchayati Raj Institutions.

Measurement Of Women's Empowerment

The measuring of empowerment is complex and multidimensional. In the Women's Empowerment in Agriculture Index (WEAI) and its adaptation-project-level (pro-WEAI) offer valid, overall measures to internal empowerment (self-efficiency and approach), instrumental empowerment (resource ownership, decision-making) and collective agency (group participation). The indices allowed to assess both individual empowerment and gender equality inside the houses, providing a fine analytical framework for the evaluation of SHG effects.

II. Review Of Literature On Role Of Self-Help Groups In Women's Empowerment In India

Literature on self-help groups (SHGs) documents a crucial role in India in the empowerment of women, financial inclusion and socio-economic development and further South Asian references. This body of work attracts various functioning including quantitative evaluation, survey and qualitative study (Kumar et al., 2021; Sharma and Pandey, 2014).

Historical Context and Evolution of SHGs

SHGs originated as grassroots organizations for the purpose of co-worker support, collective problem-solving and social capital, as studied in Western contexts by McCrady and Delaney (1995) and Katz and Bender (1976). In India, the SHGs increased prominently after the banking financial inclusion program which was launched in 1992, adding SHGs to promote formal banking and financial inclusion (Rangarajan, 2008). The NRLM (National Rural Livelihood Mission) carried forward SHG networks, adding more than 50 million households nationwide, emphasizing sustainability and access (Kumar et al., 2021).

Empowerment Through Financial Inclusion and Credit Access

A prevailing theme is the influence of SHGs that affects increasing the economic empowerment of women through increasing savings, facilities for credit access and entrepreneurship. SHGs provide platforms to women to accumulate saving and facilitate group loans, promoting micro enterprise growth and income creation (Balan et al., 2011; Sundaram, 2012; Kumar et al., 2021). Participation in SHGs improves women's financial literacy and use of bank accounts, thus strengthening financial inclusion (Mahendra, 2005; Sharma and Pandey, 2014). In addition, SHGs enables women to invest in domestic welfare, education and health, contributing to diverse livelihood and poverty reduction (Deininger & Liu, 2009). Nevertheless, socio-economic and cultural barriers restrict the participation of the poorest women (Brody et al., 2017; Nichols, 2020).

Collective Action and Social Empowerment

SHGs also promotes collective agency, social support and participation in community decision making. They create a safe place to competently give women a voice and challenge gender norms, though deeply entangled beliefs-like intimate partner violence continues to persist -(Kumar et al., 2021; Harris-Fry et al., 2020). Importantly, SHG membership is correlated with increased political empowerment, including more and more engagement of women in local governance institutions such as Panchayati Raj (Kumar et al., 2021; Raghunathan et al., 2019).

Measurement of Women's Empowerment

The Contemporary Research employs Women's Empowerment in Agriculture Index (WEAI) and variants (Pro-WEAI), which strictly captures multi-dimensional empowerment-in which intrinsic, instruments and collective agency domains (Alkire et al, 2013; Kumar et al, 2021) are included. Empirical analysis suggests that the SHG membership significantly enhances the empowerment score and attaches domestic gender gaps without disempowering men, mainly by increasing control of income and credit decisions (Kumar et al., 2021).

Skill Development and Entrepreneurship

SHGs function as platforms for vocational training and entrepreneurship, equipping women with skills in tailoring, handicrafts, organic farming, and other income-generating activities (Sundaram, 2012; Sharma & Pandey, 2014). These opportunities bolster women's confidence and decision-making power, further reinforcing their empowerment (Kumar et al., 2021).

Challenges and Policy Implications

While SHGs catalyzed significant empowerment, challenges navigate access to inclusion, group stability, savings discipline to government schemes (Kumar et al., 2021; Sharma and Pandey, 2014). To increase the impact of SHGs, the recommendations of the policy focus on constant capacity building, reduce administrative obstacles for credit and subsidy, increase market and value-chain linkage, and include gender-transformative programming that includes engages men and community leaders to address societal norms (Harris-Fry et al., 2020; Kumar et al., 2021).

Theoretical Underpinnings

1. Empowerment Theory

Inherent in empowerment theory, development and feminist scholarship, the concept of empowerment as an expansion of women's ability to create strategic life options, where this ability was previously rejected (Kabeer, 1999; Agarwala & Lynch, 2006).

It highlights three interconnected components:

- **Resources:** Access to material, human and social property.
- **Agency:** The ability to define goals and work on them, including decision-making, interactions and collective action.
- **Achievements:** Results such as better welfare and social status.

Self-help groups (SHGs) serve as platforms that increase the women's agency by increasing control over income, financial decisions, social participation and collective bargaining power (Kumar et al., 2021). Framework differences between inherent agency (self-efficiency and gender criteria approach), instrument agency (production, income, credit-related decisions), and collective agency (group membership and leadership)-are all important to understand the empowerment effects of SHGs (Malapit et al, 2019).

2. Social Capital Theory

Social Capital Theory explains how SHGs embody among women social capital which instigates trusts, mutuality and dense network (Meinzen-dick et al., 2014). Social capital, which includes relationships, shared values and norms enable collective action, empowering women beyond individual capacity by facility of information exchange, support network and collective advocacy (Ikhar et al., 2022).

Evidence of study in rural India confirms that participation in SHGs increases bonding and bridging social capital:

- **Bonding:** Solidarity within the group forming a mutual trust.
- **Bridging:** Relationship between SHGs and other groups or community institutions.
- **Linking:** Relationship with formal institutions such as banks and government agencies (Nayak, 2013).

Participation in SHGs step-ups the social network of women beyond the family, increases access to crucial resources, and encourages collective action for local governance reforms is encouraged (Body et al., 2017; Kumar et al., 2021).

3. Financial Inclusion Framework

Financial inclusion framework insists on providing underserved population with access to financial services including savings, credit, insurance, and payment (Rangarajan, 2008; Kumar and Pandey, 2023). SHGS conducts financial inclusion by gathering collective savings, enabling credit access without collateral, and connecting groups with formal financial institutions such as banks and microfinance organizations (Kumar et al., 2021; Sharma and Sharma, 2014). This approach step-ups the financial agency of women, which is important for entrepreneurship and income creation for economic empowerment.

4. Gender and Development (GAD) Perspective

The GAD approach focuses on how women's opportunities and empowerment are affected by gender relations, social norms and power structures (Kabeer, 1999; Kumar et al., 2021). SHGs provide an important platform for women's political and economic empowerment. Despite the financial advantage, the tolerance of domestic misconduct and honor for the house, such as social norms, frequently endure (Brody et al., 2017; Kumar et al., 2021). This emphasizes the necessity for versatile approaches which include men, local officials and other social actors.

5. Resources-Agency-Achievements Framework

This concept operates through indices such as Women's Empowerment in Agriculture Index (WEAI) and its derivatives, blend the access of women with their agency in decision making and collective action, causing empowerment achievements such as better income control and social status (Malapit et al, 2019). This provides a rigorous tool for SHG effects and empowerment measurements.

Proposed Conceptual Framework / Model

The proposed ideological structure (Figure 1) shows the itinerary through financial inclusion for self-help groups (SHGs) to empowerment of women. SHGs serve as the entry point, enable access to financial services, but their effectiveness is mediation by many factors: financial literacy, policy aid, skill development, social network and access to credits. These mediate enhance women ability to engage with formal financial systems and provide SHGs opportunities. As a result, financial inclusion translates into multidimensional empowerment results. In particular, economic empowerment refers to more income, asset ownership and control over resources; Social empowerment refers to participating in domestic and community decision making; and psychological empowerment includes confidence, autonomy and self-efficiency.

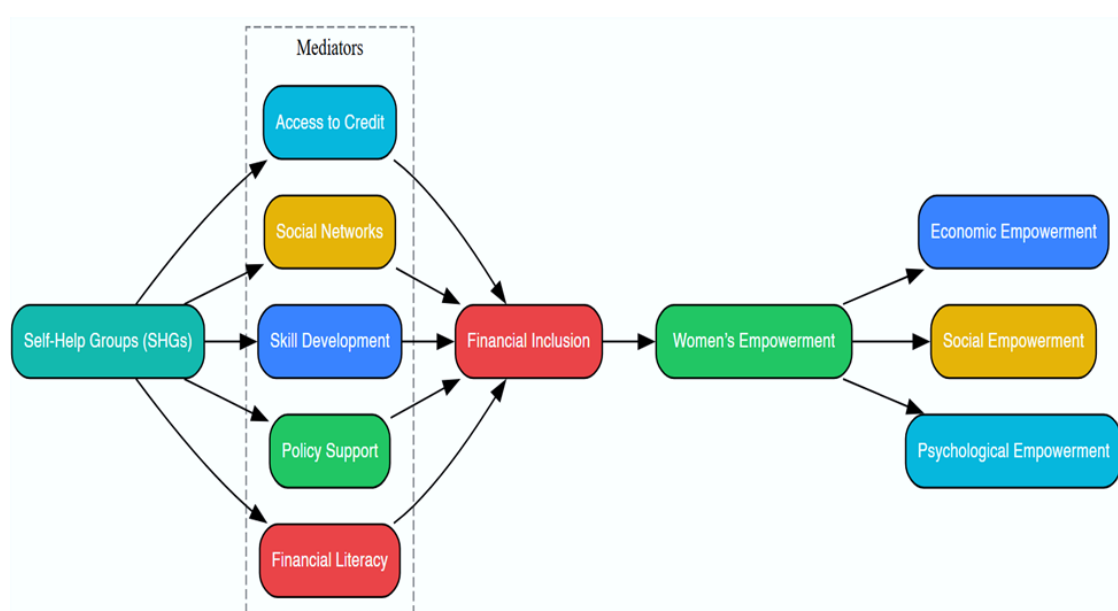


Figure 1: Conceptual Framework linking SHGs, Financial Inclusion, and Women's Empowerment

The diagram presents the pathway through which SHGs contribute to women's empowerment. Mediating factors such as financial literacy, policy support, skill development, social networks, and access to credit strengthen the link between SHGs and financial inclusion. This, in turn, results in empowerment outcomes across three dimensions: economic, social, and psychological.

This ideological structure shows how self-help groups (SHGs) contribute to women's empowerment through the path of financial inclusion. SHGs first promotes financial inclusion to provide women access to credit, create strong social networks, support skill development, promote policy aid and increase financial literacy. These mediators enable women to benefit from financial services and support structures. As a result of better financial inclusion, women experience three major forms of empowerment: economic empowerment (such as high income and asset control), social empowerment (more participation in community and domestic decisions), and psychological empowerment (increased trust and self-efficiency).

Implications

The implications related to Self-Help Groups (SHGs) for women's empowerment are:

1. Policy Implications

Government Role: Governments should strengthen the policies that support the SHGs by integrating the SHGs with national poverty alleviation and women's empowerment programs (eg, NRLM) to ensure access to financial resources, facilitates relations with formal banking, and national poverty alleviation and women's empowerment. SHG effectiveness will improve by streamlining administrative procedures and timely disbursement of money.

Inclusion and Equity: To avoid exclusion due to social, economic or geographical obstacles, there need to be policies to consciously promote the inclusion of marginalized women in SHGs to avoid exclusion.

Cross-Sectoral Integration: SHGs should be incorporated into multi-sectoral programs related to agriculture, health, education and social welfare, which to take advantage of women's empowerment in the domains to take advantage of the coordinates.

Focus on Gender Norms: Policy frameworks should support gender-trans- programming involving men and community leaders, as SHGs alone may have limited impact on deep- studded social norms constraining women.

2. Practical Implications

Capacity Building: It is necessary and important to train SHGs members in financial literacy, leadership, interaction skills and governance. This enhances the group's ability to maintain finance, strategic decisions and promote confidence.

Tailored Financial Products: Financial institutions and microfinance institutions should provide products that meet women's requirements, including low-interest loans, savings accounts, insurance and digital payment solutions accessible through self-help groups.

Promoting networking and federation: Promoting SHGs can result in providing access to adequate loans, markets and possibilities of advocacy. Governance and internal control within the SHG and union should be extended to maintain sustainability.

Temporal and consultation ideas: Programs should accept time strain on women involved in participating self-help groups (SHGs) and find out methods of reducing increased expectations, keeping in mind the potential trade-bands between empowerment and work obligations.

3. Academic Implications: Research Gaps:

Long -term stability: To understand, more empirical studies require how and how the benefits of SHGs are sustained after external support ends.

Social criteria changes: Changing gender norms and lack of strong evidence on SHGs effects on intrahousehold dynamics; More mixed-method research is necessary.

Effectiveness Across Contexts: : Comparative studies in various social, cultural and economic contexts can explain how the SHGs effect varies and which designs work best.

Spillover effect: Research on the impact of women empowerment through SHGs on other domestic members and community level outcomes is required.

Measurement innovation: Better ground substance is required to trace multidimensional empowerment, including psychological and social dimensions belonging to the criteria and agency.

These implications guide stakeholders in designing policies, programs and research that maximize the empowerment effect of SHGs on women and similar references in India.

III. Conclusion

The body of research on self-help groups (SHGS) in India highlights their important role in the form of grassroots institutions that carry forward the empowerment of women in economic, social and political dimensions. SHGs enables women reach credit, improve financial inclusion, create social capital and increase decision -making abilities to provide collective platforms. Economic studies that employ rigorous measures such as women empowerment in the Agricultural Index (Weai) show that SHGs membership improves the women's empowerment score by increasing control of income, credit decisions and community participation, while reduced empowerment differences between men and women inside homes. However, evidence also suggests that the SHGs has a limited effect on transferring gender norms to the depth, such as an attitude towards intimate partner violence and domestic honors, suggesting that wide social norms require supplementary intervention for change. SHGs also apply some additional charge on women, which indicate trading in time.

This ideological and empirical body of work contributes to a fine understanding of multi-dimensional empowerment routes facilitated by SHGs, which recognizes financial inclusion and collective agency as the central mechanism of impact. It underlines the importance of using the valid, principle-informed indices such as valid, principle-informed indices to catch diverse empowerment aspects and detect areas where SHGs are less effective. In addition, it foregrounds that male domestic members are not rejected by empowering women through SHGs and can also positively affect men's engagement, especially in credit-related decisions.

For Future Research,

Several directions emerge:

1. Investigating the long-term sustainability of empowerment gains from SHG participation after external support diminishes.

2. Exploring interventions that effectively transform rigid gender norms beyond economic empowerment, including involving men, in-laws, and community leaders.
3. Conducting comparative analyses of SHG impacts across different social, cultural, and geographic contexts to identify design features that optimize empowerment outcomes.
4. Refining measurement tools to capture psychological, social, and normative dimensions of empowerment more comprehensively.
5. Examining the broader spillover effects of women's empowerment via SHGs on household welfare, child nutrition, community development, and men's empowerment.

Such research will deepen the understanding of how to harness SHGs' full potential toward inclusive and gender-equitable development in India and other similar contexts. Continued policy and programmatic innovation coupled with rigorous empirical study is essential to strengthen and scale the empowerment gains facilitated by SHGs.

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