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Self-Help Groups (SHGs): A Tool for Women Empowerment

* Abhishek Singh Yadav, Dr. Anjana Rai, Dr. N.R.Meena, Sonu Paswan

Department of Agricultural Extension Education, Acharya Narendra Deva University of Agriculture & Technology, Kumarganj, Ayodhya-224229 (U.P.), India

* Corresponding Author's email: ay6412441@gmail.com

Self-Help Groups (SHGs) have emerged as an effective instrument for poverty alleviation, social development, and women empowerment in India. These small, voluntary associations of women enable members to pool savings, access microcredit, and engage in collective economic and social activities. Beyond financial inclusion, SHGs have played a transformative role in enhancing women's confidence, decision-making ability, and participation in community development. This paper explores the significance of SHGs in empowering women, examines the challenges they face, and highlights their contribution to inclusive growth and rural development.

Introduction

Empowerment of women is a vital component of any society's progress. In India, where women constitute nearly half of the population, their socio-economic upliftment is essential for sustainable development. Self-Help Groups (SHGs) have become a major movement that supports women's empowerment through collective action and self-reliance. An SHG typically consists of 10–20 women from similar socio-economic backgrounds who come together to save small amounts regularly and access loans from their pooled funds or financial institutions. The SHG model, promoted by institutions like National Bank for Agriculture and Rural Development (NABARD), Rural Development Ministry, and various NGOs, has created a platform for rural women to gain financial independence, leadership skills, and social recognition. The movement gained momentum under the SHG–Bank Linkage Programme (SBLP) initiated in 1992, which connected millions of SHGs to formal banking systems. Today, SHGs are not merely financial collectives but engines of social change.

The Two Pillars of SHGs

- Thrift and Savings (Microfinance):** The group meets regularly (weekly or monthly) and each member contributes a small, fixed amount of money as a mandatory saving. This pooled money forms the group's internal revolving fund.
- Mutual Support and Solidarity:** Beyond money, the group acts as a platform for discussion, education, and collective action on social, health, and legal issues.

Importance of SHGs in Women Empowerment

- Economic Independence:** SHGs provide microcredit to women without the need for collateral, enabling them to start small businesses, invest in agriculture, or meet household needs. This helps reduce dependence on moneylenders and promotes financial inclusion.
- Social Empowerment:** Through group meetings and decision-making processes, women gain confidence, communication skills, and awareness of their rights. SHGs often become spaces for discussing social issues like gender equality, health, and education.

3. **Skill Development and Entrepreneurship:** Many SHGs are linked with training programs in tailoring, handicrafts, food processing, and digital literacy. These skills enhance employability and create avenues for self-employment.
4. **Collective Bargaining and Leadership:** Working as a group strengthens women's voices in local governance and community affairs. Several SHG leaders have gone on to hold positions in **Panchayati Raj Institutions**, influencing policy decisions.
5. **Poverty Reduction and Community Development:** By promoting income-generating activities, SHGs contribute to the eradication of poverty and improve the overall quality of life in rural areas.

How SHGs Empower Women (The Tool)

SHGs are a tool that provides women with power and control over their lives across three main dimensions: Economic, Social, and Political.

1. Economic Empowerment (The Financial Lever)

- **Access to Collateral-Free Credit:** Members can take small loans from the group's revolving fund for consumption needs (like medical expenses) or for starting a micro-enterprise. The interest rates are generally lower than those charged by local money lenders, and the loans require no collateral, relying instead on **peer pressure** for repayment.
- **Income Generation:** With this initial credit, women start small businesses (e.g., tailoring, food processing, animal husbandry, handicrafts), which generates independent income. For many, this is their first opportunity to earn money on their own.
- **Bank Linkage:** After successfully managing their internal fund for a period, SHGs become eligible for much larger loans from commercial banks under programs like the SHG-Bank Linkage Programme. This moves them from informal to **formal financial inclusion**.

2. Social Empowerment (The Confidence Builder)

- **Increased Self-Confidence:** Regular meetings require members to speak, express opinions, manage records, and resolve conflicts. This participation dramatically boosts their self-esteem and confidence in public settings.
- **Support System (Social Capital):** The group provides a vital support network to discuss and collectively deal with social problems like dowry, alcoholism, domestic violence, and lack of sanitation.
- **Enhanced Decision-Making:** As women start contributing income to the household, their **bargaining power** and say in family decisions (such as children's education, health, and marriage) increases significantly.

3. Political Empowerment (The Collective Voice)

- **Community Influence:** The group develops a unified collective voice to demand better public services (water, schools, healthcare) and government entitlements from local authorities.
- **Leadership Development:** Members take on specific roles (President, Secretary, Treasurer) within the group, learning leadership, accounting, and organizational skills that they can later apply in local village governance (Panchayats).

Challenges Faced by SHGs

1. **Limited Financial Literacy:** Many members lack knowledge about banking procedures, record-keeping, and business planning, leading to inefficient fund management.
2. **Inadequate Training and Capacity Building:** While SHGs focus on savings and credit, they often miss sustained training in entrepreneurship, marketing, and technology use.
3. **Dependence on External Agencies:** Some SHGs rely heavily on NGOs or government schemes, affecting their self-sustainability once external support is withdrawn.
4. **Internal Conflicts and Leadership Issues:** Differences in opinion, lack of transparency, and poor leadership can weaken group unity and effectiveness.

5. **Marketing and Market Linkages:** Women entrepreneurs often face challenges in accessing wider markets for their products due to lack of branding, packaging, and transportation support.
6. **Social and Cultural Barriers:** Patriarchal attitudes, limited mobility, and low social status continue to restrict the full participation of women in SHG activities in some regions.

Government and Institutional Support

The Government of India has implemented several initiatives to strengthen SHGs:

- **National Rural Livelihoods Mission (NRLM)** – Promotes SHGs and federations for sustainable livelihood.
- **Deendayal Antyodaya Yojana (DAY-NRLM)** – Focuses on skill training, microenterprise development, and financial inclusion.
- **NABARD's SHG–Bank Linkage Programme** – Facilitates formal banking support to SHGs.
- **State Rural Livelihood Missions (SRLMs)** – Provide region-specific guidance and monitoring.

Conclusion

Self-Help Groups have revolutionized the concept of women empowerment in rural India. They have not only provided financial access but have also transformed the socio-economic fabric of communities by fostering confidence, leadership, and solidarity among women. Despite challenges related to literacy, training, and sustainability, SHGs continue to be one of the most effective grassroots mechanisms for empowering women and achieving inclusive rural development. Strengthening institutional support, capacity building, and market linkages can make SHGs even more impactful in shaping a self-reliant and gender-equal society.

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