

# The Role of Self-Help Groups in Women's Socio-Economic Empowerment: A Study from Bangalore North, Karnataka

**Dr. Manjula S V**

Associate Professor, Department of Sociology, Government First Grade College Thirthahalli, Shivamogga

## **Abstract:**

This study examines the role of Self-Help Groups (SHGs) in advancing women's socio-economic empowerment in Bangalore North, Karnataka, within a rapidly urbanizing context. Using a mixed-methods research design, quantitative surveys and qualitative interviews were conducted with SHG members, group leaders, and institutional stakeholders to assess changes in income generation, financial inclusion, household decision-making, and social participation. The findings reveal that SHG participation significantly improves women's access to credit, financial literacy, and entrepreneurial activities, leading to enhanced economic independence and greater influence within family and community spheres. The study also highlights increased mobility, collective confidence, and engagement with local institutions as key dimensions of empowerment. However, persistent challenges related to market access, digital skills, regulatory compliance, and group sustainability continue to constrain long-term progress. Drawing upon institutional empowerment principles underlying the SHG movement, the paper underscores the importance of capacity building, market linkages, and policy support to strengthen women-led community organizations. The research contributes empirical evidence on SHG functioning in transitional urban-peripheral regions and offers practical recommendations for inclusive development strategies.

**Keywords:** Self-Help Groups; Women's Empowerment; Financial Inclusion; Income-Generating Activities; Social Capital; Community Institutions; Gender and Development; Urbanizing Contexts; Household Decision-Making; Institutional Capacity Building.

## **Introduction**

The Self-Help Group (SHG) movement in India represents one of the most significant innovations in community-driven development and financial inclusion. Originating in rural Karnataka during the early 1980s, SHGs have evolved into a nationwide network empowering millions of women through collective action and institutional building. This study focuses specifically on Bangalore North, a rapidly urbanizing region characterized by a unique socioeconomic landscape where traditional rural structures intersect with metropolitan expansion. The region presents an ideal context to examine how SHGs facilitate women's empowerment amid economic transition and social change.

Aloysius Fernandez, recognized as the pioneer of SHGs in India, conceptualized these groups based on his observations of existing community bonds among marginalized populations. Fernandez noted that

poorer families naturally formed "affinity groups" bound by relationships of mutual trust and support relationships they relied on during difficult times. This foundational insight shifted development approaches from individual assistance to institutional building, recognizing that "in most cases a poor person cannot bring about change by themselves, especially if it involves taking on mighty power structures". The SHG model fundamentally transformed microfinance in India by building upon these organic social networks rather than imposing external structures.

In Karnataka, where the SHG movement originated, these groups have played a crucial role in advancing women's socio-economic status. According to recent government reports, Karnataka hosts over 600,000 SHGs with more than 8 million members, predominantly women. Bangalore North, comprising both urban wards and peri-urban villages, presents a dynamic setting where SHGs must adapt to changing economic opportunities while addressing persistent gender inequalities. This research examines how SHGs in this specific geographical context contribute to women's empowerment across multiple dimensions economic, social, and political while navigating the challenges of a transitioning economy.

The **primary objectives** of this study are fourfold: (1) to assess the income-generating activities undertaken by SHG members; (2) to evaluate the impact of SHGs on women's financial literacy and access to credit; (3) to analyze changes in decision-making power within households; and (4) to identify challenges faced by SHGs in achieving sustainability. Through addressing these objectives, the research aims to generate **evidence-based insights** that can inform policies and programs supporting women's empowerment through collective institutions in similar urbanizing contexts across India.

## Literature Review and Conceptual Framework

### Historical Development of SHGs in India

The evolution of Self-Help Groups in India represents a paradigm shift in approaches to poverty alleviation and women's empowerment. The concept emerged as a response to the **systematic failures** of traditional cooperatives and credit societies that were often controlled by local elites. As Fernandez observed during his work in rural Karnataka, Primary Agricultural Credit Societies (PACS) intended to serve the poor were frequently "controlled by the powerful people of the village" who would "borrow money from the cooperative at 7–8% and on-lend it to others at 40%". This exploitation led to the realization that conventional cooperatives often reinforced rather than challenged existing **power hierarchies** in stratified societies.

The SHG model developed by MYRADA under Fernandez's leadership addressed these limitations by building upon **pre-existing social capital** within communities. Unlike externally imposed structures, SHGs were conceived as "affinity groups" where members shared relationships of trust and mutual support. This approach recognized that "the poor had sufficient strengths to form these institutions" if development practitioners focused on building capacity rather than merely addressing needs. The SHG model emphasized **institutional skills** how to conduct meetings, manage finances, resolve conflicts, and make collective decisions as foundational to sustainable empowerment.

### Theoretical Perspectives on Women's Empowerment through SHGs

Women's empowerment through SHGs can be understood through multiple theoretical lenses. The resource access theory posits that control over economic resources enhances women's bargaining power within households and communities. SHGs directly address this by facilitating access to savings, credit, and income-generating opportunities. The social capital theory emphasizes how networks, norms,

and trust enable collective action, with SHGs serving as vehicles for building both bonding capital (within the group) and bridging capital (with external institutions). Additionally, the feminist institutional perspective highlights how SHGs create alternative spaces where women can challenge patriarchal norms and develop leadership skills outside traditional structures.

Fernandez's conceptualization aligns closely with institutional empowerment theory, which asserts that marginalized groups need their own institutions to effectively challenge power structures. As he explained, building institutions represents "the beginning of the basis of power". This perspective helps explain why SHGs have been more successful than individual-focused approaches in promoting sustainable women's empowerment, particularly in contexts with entrenched social hierarchies.

### **Previous Research on SHGs and Women's Empowerment**

Existing literature on SHGs and women's empowerment reveals mixed but generally positive outcomes. Studies from various Indian states indicate that SHG participation correlates with increased asset ownership, enhanced decision-making authority, greater mobility, and improved self-confidence among women members. Research from Kerala and Tamil Nadu demonstrates that long-term SHG membership leads to significant improvements in women's political participation and ability to challenge gender-based violence. However, other studies caution against overstating impacts, noting that benefits are often modulated by factors such as caste, class, duration of membership, and quality of facilitation.

A notable gap in the literature concerns SHG functioning in urbanizing contexts like Bangalore North, where traditional community structures intersect with rapid economic change. Most studies focus on either purely rural or established urban settings, leaving transitional zones under-examined. Additionally, while many studies document economic outcomes, fewer employ mixed-methods approaches to capture the nuanced interplay between economic, social, and psychological dimensions of empowerment. This research aims to address these gaps by examining SHG impacts across multiple empowerment domains in a rapidly developing region.

## **Methodology**

### **Study Design and Approach**

This study employs a convergent mixed-methods design, integrating quantitative and qualitative approaches to develop a comprehensive understanding of SHG impacts on women's empowerment. The evaluative component assesses outcomes related to the research objectives, while the exploratory dimension investigates the processes and contextual factors influencing these outcomes. This dual approach enables both measurement of empowerment indicators and deeper exploration of how SHGs facilitate change in members' lives.

The research was conducted in Bangalore North, specifically selecting three administrative zones that represent the region's socioeconomic diversity: urban wards with established SHGs, peri-urban transition areas, and villages experiencing rapid urbanization pressure. This purposive selection of diverse contexts allows for examination of how geographical and developmental factors mediate SHG impacts on women's empowerment.

### **Sampling Strategy**

The study utilized **purposive sampling** to select SHGs and members based on specific criteria ensuring diversity in group characteristics. The selection criteria included: (1) SHGs registered for at least two years to ensure established functioning; (2) representation across different facilitating agencies

(government, NGO, bank-linked); (3) variation in primary economic activities; and (4) geographical spread across the study area.

From the selected SHGs, 30 members were chosen through **stratified random sampling** to ensure representation across age groups, caste categories, educational levels, and years of SHG membership. Additionally, five SHG leaders, three NGO facilitators, and two bank officials responsible for SHG linkages were interviewed to provide **institutional perspectives** on SHG functioning and challenges.

**Table 1: Sample Characteristics of SHG Members (N=30)**

Characteristic	Category	Number	Percentage
<b>Age Group</b>	20-30 years	8	26.7%
	31-40 years	14	46.7%
	41-50 years	6	20.0%
	Above 50 years	2	6.6%
<b>Education Level</b>	Illiterate	5	16.7%
	Primary	11	36.7%
	Secondary	10	33.3%
	Higher Secondary	4	13.3%
<b>Caste Category</b>	General	7	23.3%
	OBC	13	43.3%
	SC/ST	10	33.3%
<b>SHG Membership Duration</b>	2-3 years	12	40.0%
	4-5 years	9	30.0%
	6+ years	9	30.0%

**Data Collection Tools and Procedures**

Data collection employed **multiple complementary tools** to ensure methodological triangulation:

**Structured questionnaire:** Administered to all 30 SHG members, covering demographic information, economic activities, financial practices, decision-making patterns, and perceived changes since joining the SHG.

**Semi-structured interviews:** Conducted with SHG leaders, NGO facilitators, and bank officials to explore institutional perspectives on SHG functioning, challenges, and sustainability.

**Focus Group Discussions:** Three FGDs were held with SHG members (separate from interviewed members) to examine collective experiences, group dynamics, and social impacts.

**Document analysis:** SHG records including minute’s books, savings registers, loan records, and training reports were examined to verify self-reported data and understand group processes.

The research adhered to **ethical guidelines** including informed consent, confidentiality, and voluntary participation. Questionnaires and interviews were conducted in Kannada, the local language, with

careful attention to cultural sensitivities, particularly when discussing household decision-making and gender relations.

### **Data Analysis Methods**

Quantitative data from questionnaires were analysed using **descriptive statistics** (frequencies, percentages, and means) and inferential tests (chi-square, t-tests) to identify patterns and relationships. Qualitative data from interviews and FGDs were analysed through **thematic analysis**, identifying recurring themes and patterns related to empowerment processes. The analysis followed an **integrated approach** where quantitative and qualitative findings were compared and synthesized to develop comprehensive insights.

## **Results and Findings**

### **Demographic Profile and Economic Activities**

The demographic profile of respondents reveals that SHG membership in Bangalore North predominantly includes women from economically vulnerable backgrounds, with 70% belonging to Other Backward Classes (OBC) and Scheduled Caste/Scheduled Tribe (SC/ST) categories. The majority (73.4%) are between 20-40 years, indicating that SHGs particularly attract younger women seeking economic opportunities. Educational levels show considerable variation, with 16.7% illiterate, 36.7% having primary education, and 33.3% with secondary education reflecting broader literacy patterns in the region.

Regarding income-generating activities, SHG members reported engagement in diverse economic ventures, primarily small-scale enterprises suited to local market opportunities. The most common activities included tailoring and garment production (33.3%), food processing and catering services (26.7%), retail shops (20%), and dairy farming (13.3%). A smaller percentage (6.7%) reported engaging in multiple complementary activities. The average monthly income from these ventures ranged from ₹3,000 to ₹12,000, with significant variation based on type of activity, capital investment, and market access.

### **Financial Inclusion and Literacy**

SHG participation substantially enhanced members' financial capabilities and access to formal credit. Prior to joining SHGs, only 23.3% of respondents had savings accounts in formal banks, increasing to 100% after joining. Similarly, access to credit improved dramatically, with 90% of members having availed loans through their SHGs, compared to 13.3% who had accessed formal credit previously. The average loan size increased from ₹8,500 for initial loans to ₹32,000 for subsequent loans, indicating growing creditworthiness and enterprise scale.

Financial literacy showed marked improvement across several dimensions. All members demonstrated understanding of basic banking procedures, 86.7% could maintain simple financial records, and 73.3% understood interest calculations. These skills were primarily acquired through SHG training programs and practical experience in managing group finances. Notably, 80% of members reported training family members in financial management, indicating knowledge diffusion beyond the SHG itself. However, advanced financial concepts like insurance products, investment options, and digital banking remained less understood, particularly among older and less educated members.

### **Decision-Making Power and Social Participation**

SHG membership correlated with significant enhancements in women's decision-making authority across multiple household domains. Using a five-point scale measuring involvement in

decisions (from no involvement to sole decision-making), respondents reported substantial increases in financial decisions (average increase of 2.4 points), children's education (2.1 points), healthcare (1.9 points), and family planning (1.7 points). Particularly noteworthy was increased influence in major expenditures like home improvements or vehicle purchases, where women's input grew from minimal consultation to joint decision-making in 76.7% of cases.

Social participation and mobility expanded considerably through SHG involvement. Prior to joining, 60% of respondents reported rarely leaving their immediate neighbourhood unaccompanied; this decreased to 13.3% post-membership. Participation in community events increased from 36.7% to 83.3%, while engagement with local governance structures (attending gram sabha meetings, interacting with local officials) rose from 16.7% to 63.3%. These changes reflect not only increased confidence but also the social legitimacy gained through collective representation.

**Table 2: Changes in Decision-Making Authority among SHG Members (N=30)**

Decision Area	Pre-SHG Involvement (Average)	Current Involvement (Average)	Change	Significance (p-value)
Household Budget Management	1.8	4.2	+2.4	<0.001
Children's Education	2.1	4.2	+2.1	<0.001
Healthcare Decisions	2.3	4.2	+1.9	<0.001
Major Purchases	1.5	3.8	+2.3	<0.001
Family Planning	2.4	4.1	+1.7	<0.001
Social/Religious Events	2.6	4.0	+1.4	<0.01
*Scale: 1=No involvement, 2=Informed after decision, 3=Consulted, 4=Joint decision, 5=Sole decision*				

### Challenges to SHG Sustainability

Despite positive impacts, SHGs in Bangalore North face considerable challenges affecting their sustainability and growth. The most frequently cited obstacles included:

**Market limitations:** 83.3% of members reported difficulties in accessing profitable markets for their products, facing competition from established businesses and online retailers.

**Digital divide:** 73.3% expressed limited capacity to utilize digital technologies for business operations, financial management, or accessing government schemes, with this challenge being particularly acute among older members.

**Group dynamics issues:** 40% reported occasional conflicts regarding loan repayments, leadership roles, or unequal participation, requiring external facilitation to resolve.

**Regulatory compliance:** Newer requirements for GST registration, formal accounting, and regulatory reporting posed challenges for 56.7% of groups, especially smaller ones.

**External dependency:** 63.3% indicated continued reliance on NGO facilitators for conflict resolution, record-keeping, and bank linkages, raising concerns about long-term institutional self-reliance. These challenges highlight the evolving nature of SHG needs as they transition from basic savings groups to more complex business enterprises in a competitive urbanizing economy.

## Discussion

The findings from Bangalore North largely support the research hypotheses while revealing important contextual nuances in how SHGs promote women's empowerment. The first hypothesis (H1) postulated that SHG participation increases household income and financial independence. This is strongly supported by the data showing engagement in diverse income-generating activities and substantially improved access to credit. However, the income enhancement appears more significant for psychological empowerment and household bargaining power than for lifting families out of poverty entirely. This aligns with Fernandez's observation that the poor face multiple "social barriers, caste barriers, [and] great power imbalances" that constrain economic mobility even with improved resources. The second hypothesis (H2) regarding greater mobility and social participation receives robust support. The expansion of women's spatial mobility and community engagement reflects what Fernandez termed finding "the path to the river" overcoming obstacles that prevent marginalized groups from accessing opportunities. Importantly, this increased social participation often began with collective activities (group visits to banks, attending training together) before extending to individual confidence in navigating public spaces alone. This progression underscores the importance of the group as a psychological safety net during initial empowerment stages.

The third hypothesis (H3) concerning training impacts on business skills and self-confidence is partially supported. While members reported substantial improvements in basic financial and record-keeping skills, advanced business capabilities (market analysis, product innovation, digital literacy) showed more limited development. This suggests that SHG training programs may need curricular evolution to address the complex challenges of operating in competitive urban markets. The confidence gains, however, were consistently strong across all respondents, supporting the premise that institutional participation builds what Fernandez called "institutional skills how to meet, how to participate, how to solve problems".

A significant finding beyond the hypotheses concerns the role of SHGs in mediating between traditional gender norms and modern economic participation. Many members described how group affiliation provided "social legitimacy" for activities (like traveling to markets or interacting with male officials) that might otherwise face family resistance. This mediating function highlights how SHGs can facilitate cultural adaptation without triggering outright rejection of traditional values a strategy consistent with Fernandez's observation that communities "opted to form institutions... which could provide them with the support they needed to gain a degree of independence" without directly challenging power structures.

The challenges identified, particularly regarding market access and digital literacy, point to evolving requirements for SHG sustainability in urbanizing contexts. As Fernandez noted, institution-building requires continuous adaptation: "all people's institutions do not progress at the same speed, and progress is not always linear, especially when they meet hurdles created by entrenched power structures". The findings suggest that SHGs in transition zones like Bangalore North may need enhanced support in developing market linkages and digital capabilities to remain viable as the local economy modernizes.

## Conclusion

This study demonstrates that Self-Help Groups in Bangalore North significantly contribute to women's socio-economic empowerment across financial, social, and psychological dimensions. By building on pre-existing social networks and developing institutional capabilities, SHGs enhance women's access

to economic resources, decision-making authority, and community participation. The findings validate the foundational principles of the SHG movement pioneered by Aloysius Fernandez, particularly the emphasis on building people's own institutions as a pathway to empowerment.

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