

Inter-State Disparities in Socio-Economic Status and the Role of Self-Help Groups in India: A Comparative Study

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ABSTRACT

India has a population where 65% lives in rural areas, and 47% of the population relies on agriculture. India's labour force participation rate (LFPR) is 32.8%, which has increased by 9.5 percentage points from 2017-18 to 2021-22. This rising trend in the female LFPR is attributed to several influential factors, including government schemes to boost employment and promote women's empowerment. One significant initiative is the establishment of Self-Help groups (SHGs), which are committed to rural development. These groups aim to improve the quality of life and ensure more equitable and inclusive growth. The government's objective for the rural economy has been to "transform lives and livelihoods through proactive socio-economic inclusion, integration, and empowerment of rural India." The transformative potential of SHGs played a crucial role during the COVID-19 pandemic, serving as a foundation for rural development through women's empowerment. Research shows that SHGs have a statistically significant positive effect on women's social, economic, and political empowerment. This empowerment is achieved through various pathways, including familiarity with handling money, financial decision-making, improved social networks, asset ownership, and livelihood diversification. This study comprehensively analyzes inter-state differences based on socioeconomic status, utilizing secondary data from various sources. And found that interstate variation, highlighting that female participation in self-help groups is very low in northeastern states, but higher participation in states like Uttar Pradesh, Bihar, and Madhya Pradesh. These variations reflect the geographical, social, and economic status or culture of the respective states.

Keywords: Self-help groups, Women empowerment, LFPR, Socio-Economic inclusion and Inclusive growth

INTRODUCTION

Self-help groups are small collectives mainly comprised of women living in rural areas. These groups come together to save money and provide loans to one another to enhance their income-generating activities. If a member is unable to repay a loan, the other members step in to assist with the recovery process. Additionally, they discuss and take action on various social issues, such as health, nutrition, and domestic violence. SHGs can become a crucial driver for rural areas women for empowering and alleviation from

poverty, who are illiterate, lack skills, and lack of formal credit extra, which cannot be tackled at an individual level and need collective efforts.

Self-help groups (SHGs) are informal organizations composed of 15 to 20 female members who meet regularly to contribute savings, which can range from Rs. 25 to Rs. 100 per member. After consistently saving for more than a year, the SHG becomes eligible for loans from a bank. These loans are granted in the group's name and are intended to create self-employment opportunities for the members. Each member has access to small loans from the group to meet their individual needs, usually at lower interest rates, without having to depend on others. All decisions regarding savings, loans, and their terms are made collectively by the group members. Five sutras of SHG .1) regular meetings, 2) regular saving, 3) regular inter-lending,

4) timely repayment, and 5) up-to-date books of accounts.

According to the **economic survey 2022-23**, Self-Help Groups (SHGs) have significantly impacted banking operations, particularly through women-led initiatives. These groups disburse billions of rupees every year. India is home to approximately 12 million SHGs, with 88% comprised entirely of women members. These groups cover 142 million families and have accumulated savings deposits amounting to Rs. 47,240 crores.

The number of SHGs credit linked has grown at a CAGR of 10.8 % during the last ten years from 2013 to 2022, while credit disbursement per SHGs has grown at a CAGR of 5.7 % during the same period.” (**down to Earth**)

The concept of Self-Help Groups (SHGs) originated in **Bangladesh with Dr. Muhammad Yunus, a professor of Economics at Chittagong University**. He was the initiator of an action research project called Grameen Bank. This project began in 1976 and received formal recognition as a bank through an ordinance issued by the government in 1983. India has adopted the Bangladesh, model in a modified form, to alleviate poverty and empower women, the microfinance has emerged as a powerful instrument in the economy.

In India, banks primarily deliver microcredit. Ila Bhatt, a founder of the Self-Employed Women's Association (SEWA), played a key role in promoting women and microfinance in Ahmedabad since 1970. Since 1987, the Mysore Resettlement and Development Agency (MYRAD) has supported Credit Management Groups (CMGs), which are similar to Self-Help Groups (SHGs). In 1991-92, NABARD began promoting self-help groups (SHGs) on a large scale, marking a significant turning point for the SHG movement. In 1993, the Reserve Bank of India (RBI) allowed SHGs to open savings accounts in banks, which greatly boosted the movement by providing access to banking services.

In 1999, the Indian government launched the Swarn Jayanti Gram Swarozgar Yojana (SGSY) to promote self-employment in rural areas through the formation and skill development of SHGs. This initiative evolved into a national movement in 2011 with the establishment of the National Rural Livelihoods Mission (NRLM), which is now recognized as the largest poverty alleviation program in the world.

Government schemes like the MUDRA Yojana provide financial support to small businesses and micro-enterprises. The SGSY program played a crucial role in poverty alleviation and encouraged the formation of SHGs in rural areas, offering them financial support for income-generating activities. Overall, these initiatives have been instrumental in establishing and growing SHGs in India, providing a structured framework for financial inclusion, skill development, and socio-economic empowerment.

LITERATURE REVIEWS

A study conducted by **Dave Y. and Dr. Vasavada M. (2022)** demonstrates the essential role of Self-Help

Groups (SHGs) in empowering women socio-economically in India, with a particular emphasis on Gujarat. By analyzing data from the Ministry of Rural Development, the research unequivocally shows that SHGs are pivotal in transforming the lives of women, especially those from poorer communities. In Gujarat, SHGs significantly enhance women's economic status and livelihoods. In Haryana, they drive economic development and improve living standards. In Uttar Pradesh and Assam, SHGs effectively combat domestic violence while elevating family living standards. Additionally, SHGs build women's self-confidence and foster economic independence. Kerala outperformed other states in empowering women, particularly in income savings and decision-making skills. Overall, SHGs are effective in giving women greater social and economic power, and policymakers should prioritize strategic planning for women's upliftment in rural areas across India.

S. Elavarasi, and Dr. R. Babybowna (2022), This study discusses the socio-economic status of Self-Help Groups (SHGs) and their impact on economic development among rural households in the Tiruvannamalai district of Tamil Nadu. A primary survey was conducted with a sample size of 300 respondents, utilizing statistical methods such as the chi-square test, ANOVA, and multiple linear regression. The findings reveal that SHGs have positively impacted the socio-economic status of rural households, improving the standard of living for their members. This improvement is evidenced by an increase in the ownership of household goods and enhanced housing conditions.

Joshi G. (2019), The purpose of the research was to classify the social and economic factors that impact women's involvement in self-help groups for their economic and social empowerment. This study was conducted in the Nainital district of Uttarakhand, India, in 2018. Primary data were gathered from female respondents regarding aspects such as asset ownership, housing characteristics, and other demographic details. The researchers employed multi-stage purposive and stratified random sampling to select the respondents. Econometric tools, such as a logit regression model, were used to analyze the factors influencing participation in self-help groups (SHGs). Additionally, an empowerment index was constructed to measure the effect of women participating in SHGs on their empowerment. The findings of the study indicated that several factors, including age, education, family type, and distance from the market, significantly impacted women's participation in SHGs. Furthermore, there was a significant difference in the empowerment index values, suggesting that the index increased substantially after women joined the SHGs.

The **NFHS-5 report (2019-20)**, indicates a significant improvement in various indicators related to the quality of life in rural areas. These include increased access to electricity, improved sources of drinking water, and greater coverage under health insurance schemes. Additionally, women's empowerment has seen notable progress, evidenced by increased female participation in household decision-making, more women owning bank accounts, and greater use of mobile phones. Most indicators regarding the health of rural women and children have also improved. These positive, outcome-oriented statistics demonstrate tangible progress in rural living standards, supported by a policy focus on basic amenities and effective program implementation.

A study conducted by **Alemu Hailu S. et al. (2018)** examined the effects of Self-Help Groups (SHGs) involved in apple cultivation on women's empowerment. The researchers used a cross-sectional survey involving both SHG members and non-members. The results showed a positive impact on women's empowerment in various domains, such as economic and social aspects. However, there were also negative effects within households, as women began to assert greater control over resources, which led to a potential "backlash effect" from their husbands. This study highlights the complex dynamics of empowerment

initiatives.

Agrawal. G and Dr. Harigopal (2018), that empowering women is essential for their active participation in social change, as it enhances self-respect, resistance to injustice, and skill development, leading to greater control over their lives. However, achieving this empowerment faces social hurdles. Individual efforts alone won't yield lasting solutions; collective organization is key to driving social change. Therefore, it's vital to study the impact of Scheduled Castes (SC) and Scheduled Tribes (ST) on developmental programs in rural areas. Women's Self-Help Groups (SHGs) have been instrumental in creating income opportunities, strengthening bargaining power, and improving quality of life through integration with alternative banking structures.

Mathur P. & Agarwal P. (2017), In their study analysing the role of Self-Help Groups (SHGs) in empowering women in India, particularly in the Sanganer and Amer blocks of Jaipur, Rajasthan, conducted a primary survey involving 125 SHG and 125 non-SHG members. They used a questionnaire to compare the empowerment levels of both groups. Their findings indicate that SHGs significantly contribute to women's economic benefits, decision-making power, mobility, and social representation. However, there is still a need for improvements in education and health.

In a study conducted by **Kaur P. and Kaur R. (2015)**, the authors emphasize the importance of self-help groups (SHGs) in empowering women, particularly in rural areas, and discuss their significance for the economic development of women in the country. The paper indicates that the involvement of women in SHGs has increased over the years; however, there is still a need to encourage more rural women to participate. It is not solely the government's responsibility— everyone must take initiative at different levels. The paper also highlights various facts and figures regarding the growth of SHGs, which are still considered inadequate compared to the country's population.

Dr. Sahoo A. (2013), the objective of the research was to analyze the operating systems of Self- Help Groups (SHGs) in mobilizing savings, delivering credit to those in need, facilitating loan repayments, and assessing the opinions of SHG members regarding their increased decision- making power. The study utilized both primary and secondary surveys, which were conducted based on factors such as age, family structure, and the number of dependents. The demographic information collected emphasized the role of women's empowerment within SHGs, highlighting aspects of social solidarity and socio-economic improvement for the poor. The findings indicated that SHG members experienced increased income and savings, contributing to poverty alleviation and enhanced living standards. However, despite these advancements, women still encounter challenges such as gender inequality and social barriers that need to be addressed for further empowerment.

OBJECTIVES

1. To study the inter-state differences in Self-Help Groups (SHGs) among various social groups.
2. To examine the dynamics of self-help groups across different social groups in Prayagraj district.
3. To explore the concept of self-help groups and their role in empowering women in India.

RESEARCH METHODOLOGY

This study is based on secondary data collected from the government website of DAY – NRLM (Deen Dayal Upadhyay Antyodaya Yojana – National Rural Livelihoods Mission), which is part of the Ministry of Rural Development, Government of India. Various statistical tools, such as the percentage method, coefficient of variation, and bar graphs, were used to compare the inter-state variation in Self-Help Groups (SHGs) under

the National Rural Livelihoods Mission across different socio-economic status groups.

Table No. 1
The interstate differential in SHGs under NRLM (National Rural Livelihoods Mission)

State	Total SHGs	SC	ST	MINORITY	OTHER
Andhra Pradesh	8380142	1742730	551386	11783	6074243
Utter Pradesh	8068489	2776113	91624	510507	3238325
Madya Pradesh	5212777	983715	1860537	82867	2285658
Bihar	9898181	2446888	210985	1116142	6124166
Rajasthan	2524016	635527	781287	83131	1024071
Gujrat	2589377	277785	800987	77320	1433285
Assam	3835919	376471	674913	1203353	1581182
Sikkim	49799	3061	18878	5519	22341
West Bengal	10688590	3547115	743107	2761827	3636541
C.V.		.83%	.86%	1.41%	.76%

Source: data taken from the website of the Ministry of Rural Development, Government of India

According to the table above, an analysis of interstate variation in different self-help groups (SHGs) among various social categories reveals that the Scheduled Caste (SC) category shows a variation of 0.86%. This indicates a notable variability within that group, likely resulting from factors such as education, family structure, household income, and women's empowerment. A key factor influencing women's participation in self-help groups is the state status. The variation within the Scheduled Tribe (ST) group is similar but shows a slightly higher variation in minor groups.

Figure 1.1, When examining the distribution of SHGs among different categories, we find that over 50% of SHGs are classified under the "Others" category, while the second-highest number is found in the SC category, with the least representation in the ST groups.

Figure 1.2 illustrates interstate variation, highlighting that female participation in self-help groups is very low in northeastern states, but higher participation in states like Uttar Pradesh, Bihar, and Madhya Pradesh. These variations reflect the geographical, social, and economic status or culture of the respective states.

FIGURE 1.1

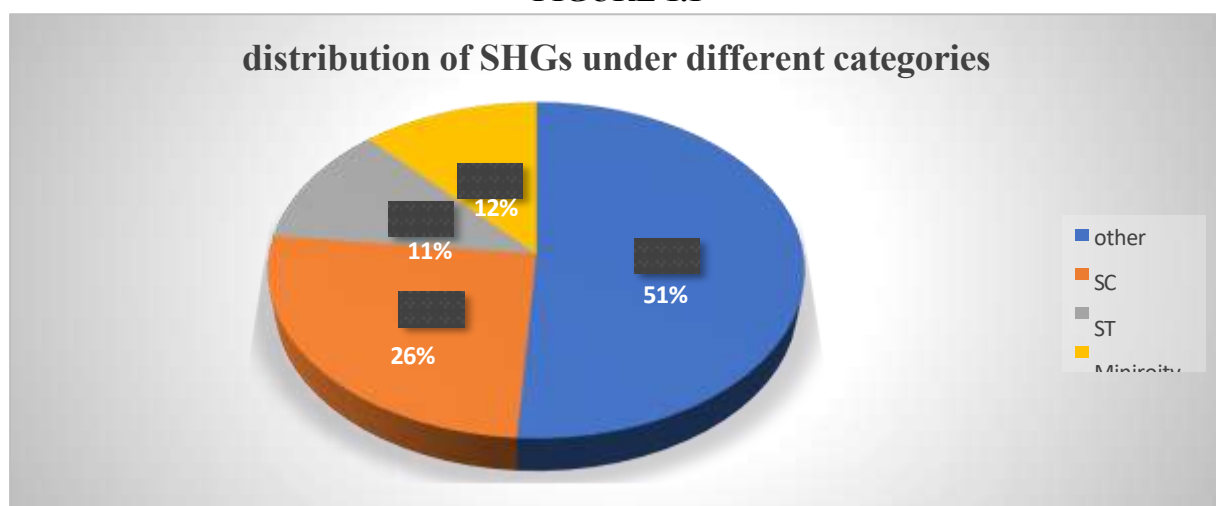


FIGURE:1.2

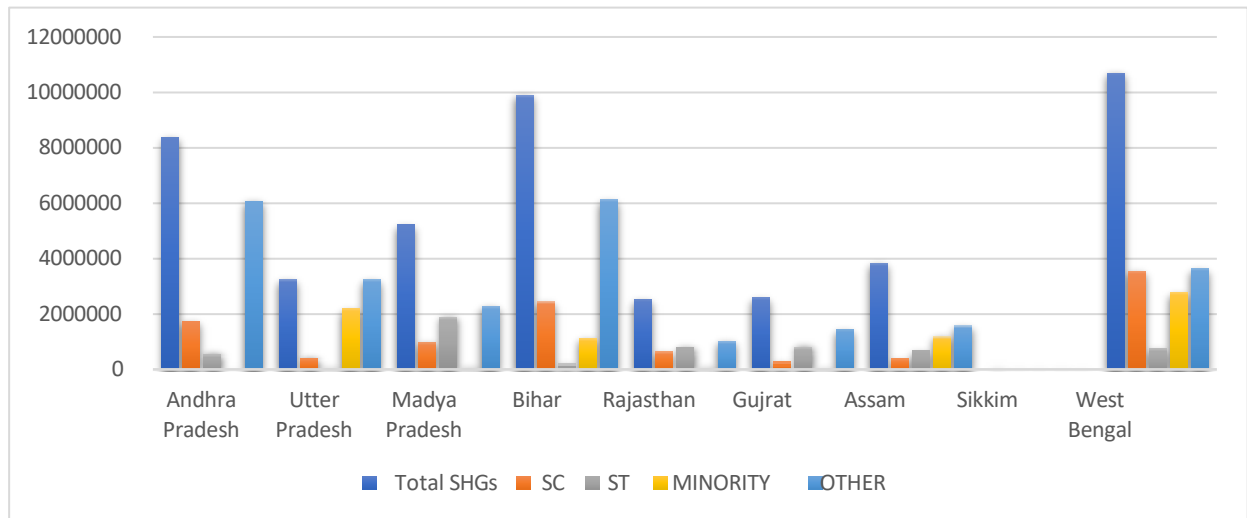


TABLE No.2

Total self-help groups under different categories in Utter- Pradesh & Prayagraj

	Total SHGs	SC	ST	Minority	Other
Utter Pradesh	8068489	2776113	91624	510507	3238325
Prayagraj	23027	10220	96	577	12134
(percentage)	.28%	0.36%	.10%	.11%	.37%

Source: data taken from the website of the Ministry of Rural Development, Government of India

The table above shows that a total of SHGs (Self-Help Groups) in Prayagraj district account for 0.28% of all SHGs in Uttar Pradesh. The distribution indicates that there are more SHGs in the 'Other' category in Prayagraj, which represents 0.37% of the state's total. Conversely, the number of SHGs within Scheduled Tribe (ST) groups is the lowest, accounting for only 0.10% of the total SHGs in Uttar Pradesh.

FIGURE 2.1

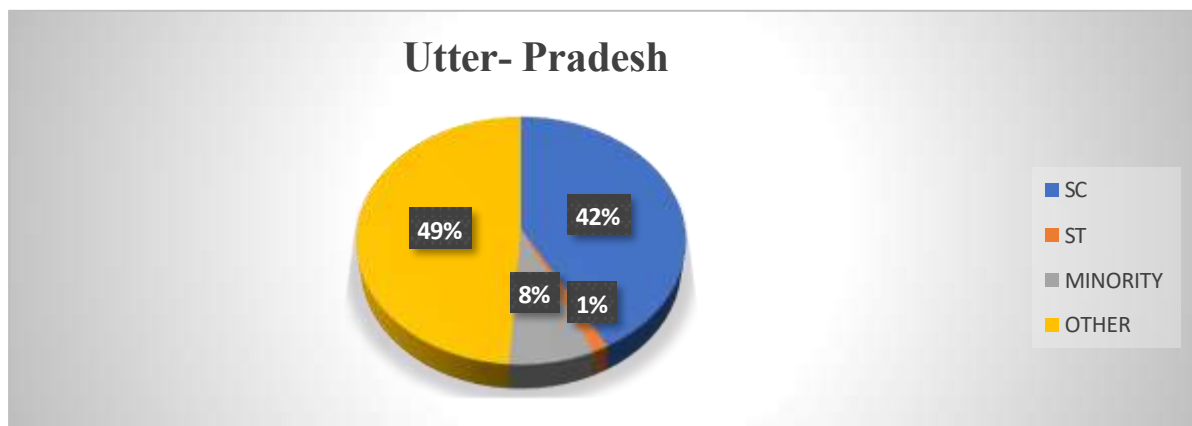
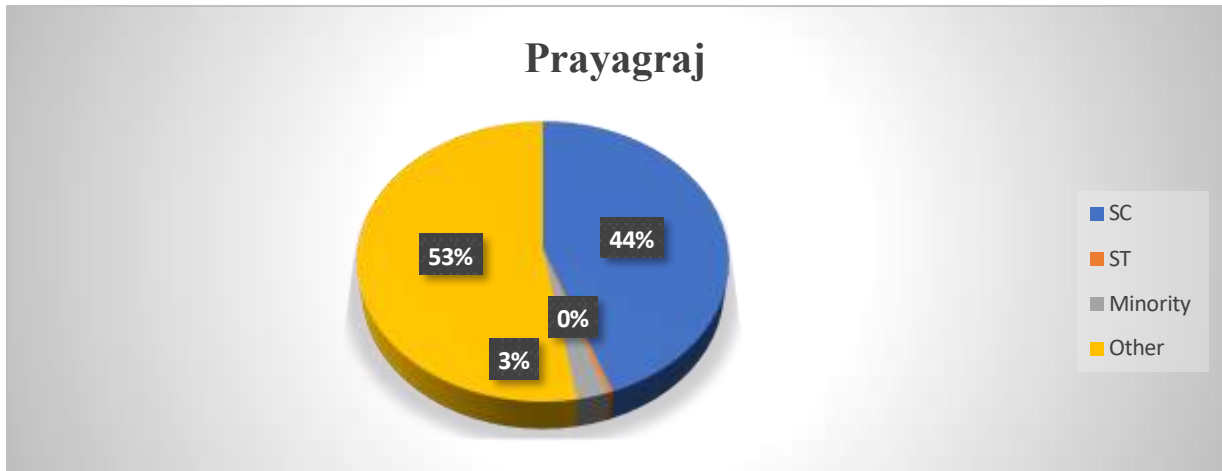


FIGURE 2.2

CONCLUSION

In a patriarchal society, the status of women is often considered secondary, with the social roles of men viewed as superior. As a result, any decisions made by men are typically accepted by women without question. Women tend to play a passive role; however, being a member of Self- Help Groups (SHGs) has become a badge of honor and a way to assert a new identity and power source. SHGs play a significant role in empowering women in various aspects of life and demonstrate how such groups have managed to sustain development work that once seemed impossible. They contribute to economic growth, especially in the agricultural sector, where more than 75% of rural female workers are employed. This highlights the need for upskilling and creating employment opportunities for women in agriculture and related industries, such as food processing. Such initiatives can play a crucial role in transforming rural women's potential into concrete development.

Prime Minister Modi emphasized the importance of SHGs during a mega gathering of SHG members in Madhya Pradesh, stating that in the near future, "Self-Help Groups" turn into "Nation Help Groups."

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