

# Role of Self-Help Groups in the Socio-Economic Empowerment of Rural Women

**Rasmi Ranjan Swain**

M. Phil, Department of Public Administration Utkal university

## Abstract

Self-Help Groups (SHGs) have become important tools for promoting socio-economic empowerment among rural women in India. These groups facilitate financial inclusion, collective involvement, leadership development, and social awareness among marginalized women. This thematic paper explores how SHGs empower rural women socially, economically, psychologically, and educationally. It draws on thematic analysis of existing literature, policy reports, and studies related to women's empowerment and SHGs. Key themes include economic independence, decision-making ability, social participation, leadership development, educational awareness, collective identity, and challenges that women face in SHGs. The study shows that SHGs contribute not only to financial improvement but also to building confidence, gaining social recognition, and participating in the community among rural women. However, limitations such as restricted market access, patriarchal obstacles, insufficient training, and financial challenges continue to impede full empowerment. The paper concludes that SHGs play a transformative role in rural development and women's empowerment. It recommends stronger institutional support, skills training, and policy changes to enhance their effectiveness.

**Keywords:** Self-Help Groups, Rural Women, Women's Empowerment, Thematic Analysis, Social Participation, Economic Independence

## Introduction

Women's empowerment is a key requirement for achieving sustainable development, gender equality, and social fairness (Sen, 1999; World Bank, 2012). In rural India, women often face economic dependency, social discrimination, limited educational opportunities, and restricted involvement in decision-making. Traditional patriarchal structures often restrict women's access to resources, mobility, and leadership opportunities. Therefore, empowering rural women has become a significant goal for government and development policies.

Self-Help Groups (SHGs) have become one of the most effective community-based approaches for empowering women in rural areas (Nair, 2005; Sinha, 2009).. SHGs are small voluntary associations of women who come together for savings, credit activities, mutual support, and community development. These groups promote collective participation and encourage women to engage in economic, social, and educational activities. The SHG movement in India gained pace with the support of the National Bank for Agriculture and Rural Development (NABARD) under the SHG-Bank Linkage Programme (NABARD, 2023; Tripathy, 2004). This program aimed to improve financial inclusion among poor and marginalized women by connecting SHGs with formal banks. Over time, SHGs expanded beyond financial activities. They evolved into platforms for social awareness, leadership growth, entrepreneurship, and community

involvement.

Women involved in SHGs often see changes in self-confidence, communication skills, decision-making ability, and social identity. SHGs allow women to come together, discuss common issues, and participate actively in development initiatives. Through savings and micro-credit facilities, women gain financial independence and help generate household income.

This thematic paper examines the socio-economic empowerment of rural women through SHGs by analyzing major themes from previous studies and literature.

### **Concept of Women Empowerment**

Women empowerment refers to the process through which women gain the ability to make important life choices, access resources, and take part in social, economic, and political activities. According to Kabeer (1999), empowerment involves three key aspects: resources, agency, and achievements. Resources include material, social, and human assets. Agency is the capacity to define goals and act on them. Achievements refer to the results of empowerment.

Empowerment has multiple dimensions, including economic, social, political, educational, and psychological aspects (Batliwala, 1994; Narayan, 2005). Economic empowerment focuses on financial independence and access to job opportunities. Social empowerment involves participating in social activities, raising awareness, and freedom from discrimination. Psychological empowerment highlights confidence, self-esteem, and motivation.

In rural contexts, women empowerment is closely tied to access to education, financial resources, leadership roles, and collective involvement. SHGs play a crucial role in promoting these aspects of empowerment.

### **Self-Help Groups: Meaning and Characteristics:**

Self-Help Groups are informal associations of individuals, mostly women, who voluntarily come together to improve their socio-economic conditions. SHGs usually consist of 10 to 20 members from similar socio-economic backgrounds. Members regularly save small amounts of money and provide loans to one another from the accumulated savings.

According to NABARD (2023), SHGs operate based on trust, shared responsibility, democratic involvement, and self-management. These groups encourage women to develop savings habits, engage in entrepreneurship, and improve financial literacy. Key characteristics of SHGs include Voluntary participation, Group savings and credit activities, Democratic decision-making, Cooperation and support, Focus on self-reliance, Commitment to women's empowerment, and rural development. SHGs are more than financial entities; they also serve as social platforms that foster communication, awareness, and leadership growth among women (Putnam, 1993; Kumar et al., 2021).

### **Theme 1: Economic Empowerment through SHGs**

Economic empowerment is one of the most notable benefits of SHG participation (Duflo, 2012; Garikipati, 2008). Rural women often face financial dependency due to unemployment, lack of credit access, and limited ownership of resources. SHGs create opportunities for women to save, access credit, and engage in income-generating activities.

Research shows that women involved with SHGs build regular savings habits and gain financial independence (Swain & Wallentin, 2009). Access to micro-credit allows women to start small businesses

like tailoring, handicrafts, dairy farming, poultry farming, and food processing. Economic empowerment through SHGs leads to better living conditions and financial security. Women can contribute to family expenses, children's education, and healthcare costs. Many women notice a decrease in reliance on moneylenders after joining SHGs.

Mayoux (2001) argued that microfinance programs enhance women's control over financial resources, increasing their negotiating power at home. Financial independence also boosts women's confidence and social status. Moreover, SHGs encourage entrepreneurship among rural women. Through training and collective support, women learn skills related to production, marketing, and financial management. These entrepreneurship opportunities help in self-employment and reducing poverty. However, challenges still exist. Limited financial support, poor market access, and a lack of training can limit the growth of women-led businesses.

### **Theme 2: Social Empowerment and Participation**

SHGs significantly boost social empowerment among rural women. Taking part in group activities improves communication skills, social interactions, and a sense of collective identity. Women who were once limited to home roles start attending meetings, awareness programs, and community activities after joining SHGs. This heightened social engagement helps women build confidence and enhance their public speaking abilities. SHGs create spaces for women to form collective identities. In group settings, women share experiences, discuss shared concerns, and offer emotional and social support. Participation in SHGs also elevates women's social standing within families and communities (Deshmukh, Ranadive 2004).

Women in SHGs are often seen as financially responsible and socially engaged individuals. Taking part in community development initiatives like sanitation drives and educational campaigns raises women's social status even further. Social empowerment through SHGs promotes gender equality by challenging traditional views on women's roles. Women become more visible in public spaces and also in community decision-making processes (Agarwal, 2001; Sen, 1999). Despite these achievements, patriarchal norms and social limitations still affect women's mobility and participation in some rural areas.

### **Theme 3: Decision-Making Ability and Leadership Development**

Participation in SHGs positively impacts women's decision-making skills and leadership abilities (Swain & Wallentin, 2009; Malhotra et al., 2002). Decision-making reflects women's agency and autonomy, making it an essential indicator of empowerment. Women involved in SHGs increasingly take part in decisions about household finances, children's education, healthcare, savings, and investments. Contributing financially to the household often strengthens women's standing within the family.

According to Swain and Wallentin (2009), women in SHGs gain confidence in expressing their views and making independent decisions. SHGs also offer chances for developing leadership skills. Women learn to organize meetings, keep records, manage group savings, and coordinate activities. These leadership tasks enhance women's organizational and communication skills. Involvement in SHGs fosters democratic practices and collaborative decision-making. Women gain awareness of their rights and responsibilities and improve their problem-solving skills. Leadership development has broader implications for community growth and political involvement. Many women who acquire leadership experience through SHGs later engage in local governance and community organizations. However, limited education and lack of formal training can sometimes hinder women's effectiveness in leadership roles.

#### Theme 4: Educational and Health Awareness

SHGs are vital in raising awareness about education, health, sanitation, and government welfare programs (World Bank, 2012; NABARD, 2023). Through regular meetings and training sessions, women learn about maternal health, child nutrition, hygiene, family planning, and girls' education. Awareness programs offered by NGOs and government bodies often use SHGs for community outreach. Raising educational awareness among women leads to better educational opportunities for children, especially girls. Women involved in SHGs increasingly acknowledge the importance of education for attaining social mobility and economic independence. SHGs also promote financial literacy among women. Members learn basic accounting, savings management, and banking practices. Financial literacy helps women manage their income and resources better. Awareness of legal rights, domestic violence issues, and government schemes further supports women's empowerment.

Despite progress, educational barriers remain a significant issue. Many rural women associated with SHGs have limited formal education, which limits their ability to access information and fully utilize available opportunities.

#### Theme 5: Psychological Empowerment and Self-Confidence

Psychological empowerment is an important yet often overlooked part of women empowerment (Kabeer, 1999; Batliwala, 1994). Participation in SHGs greatly boosts women's self-confidence, motivation, and self-esteem. Women who previously had few chances for social interaction gain confidence by taking part in meetings, discussions, and group activities. They learn to share their opinions, interact with institutions, and communicate effectively. SHGs offer emotional support and a sense of belonging among women. Working together helps reduce feelings of isolation and dependency.

Kabeer (1999) states that empowerment includes not just material resources but also the ability to see oneself as capable of making choices and influencing results. Women in SHGs often report feeling more confident in managing financial issues, speaking in public, and solving family problems. Psychological empowerment also impacts aspirations and future goals. Women become more motivated to educate their children, improve their living conditions, and take an active role in community development. However, persistent gender discrimination, social limitations, and lack of family support can hinder psychological empowerment.

#### Theme 6: Challenges Faced by SHG Members

**While SHGs greatly contribute to women's empowerment, rural women still face various challenges.**

**Such as**

1. **Financial Constraints:** Many SHGs work with limited financial resources. Small loan amounts often do not meet the needs for building sustainable businesses.
2. **Lack of Market Access:** Women involved in income-generating activities often struggle to market their products due to poor transportation, limited networking, and competition. **Patriarchal Restrictions:** Patriarchal norms in rural communities frequently limit women's mobility and participation in outside activities. Some women face opposition from family members regarding their involvement in SHGs.
3. **Lack of Education and Training:** Limited literacy and insufficient business training affect women's ability to manage their enterprises well.

4. **Administrative and Institutional Challenges:** Delays in loan disbursement, lack of institutional support, and poor coordination with banks can weaken the effectiveness of SHGs.

Addressing these challenges is vital for strengthening SHGs and ensuring sustainable empowerment.

#### 5. **Role of Government and Institutions**

Government agencies, banks, NGOs, and educational institutions play important roles in improving SHGs (NABARD, 2023; United Nations Development Programme, 2020). NABARD has notably supported SHG promotion through financial aid, training, and SHG-bank linkage programs. Government initiatives like the National Rural Livelihood Mission (NRLM) have further enhanced SHG activities in rural areas. NGOs often offer capacity-building programs, entrepreneurial training, and awareness campaigns for women. Educational institutions can work with SHGs to provide financial literacy, digital education, and skill development programs. Digital platforms and online marketing can help women entrepreneurs reach more customers.

Policies should focus on boosting financial inclusion, market access, and skill development among SHG members.

### **Educational Implications**

The thematic analysis suggests several educational implications:

#### **1. Financial Literacy Programmes for Rural Women**

Financial literacy is essential for enhancing women's economic independence and decision-making abilities. SHGs can serve as effective platforms for teaching women about savings, budgeting, banking procedures, digital transactions, and loan management. Many rural women lack awareness regarding financial planning and institutional banking systems. Therefore, educational institutions, NGOs, and government agencies should organize financial literacy workshops for SHG members. Such programmes can improve women's confidence in handling financial matters and reduce dependency on informal moneylenders (Nair, 2005; World Bank, 2012).

Financial education also contributes to entrepreneurial development and sustainable income generation. Women who understand financial management are better able to invest resources productively and maintain small businesses effectively (Duflo, 2012).

#### **2. Vocational and Entrepreneurial Skill Development**

Vocational education and entrepreneurial training play important roles in empowering rural women economically. SHGs can collaborate with educational institutions and skill development centres to provide training in tailoring, handicrafts, food processing, dairy farming, digital marketing, and other livelihood-oriented skills.

Entrepreneurial education enables women to develop self-employment opportunities and become economically self-reliant. According to Garikipati (2008), income-generating activities significantly improve women's bargaining power within families and communities. Skill development programmes can also increase productivity and improve market competitiveness.

Government-supported schemes and training initiatives should focus on practical and locally relevant skills that can generate sustainable employment opportunities for women in rural areas.

#### **3. Awareness Programmes on Health, Education, and Legal Rights**

SHGs can be used as community-based educational platforms for spreading awareness regarding health, sanitation, nutrition, girls' education, and women's legal rights. Awareness programmes help women become informed citizens capable of protecting their rights and improving family well-being.

Educational campaigns regarding maternal health, child nutrition, menstrual hygiene, and family planning can improve the quality of life in rural communities. Similarly, awareness regarding legal rights and government welfare schemes empowers women socially and politically (United Nations Development Programme, 2020).

Studies indicate that women participating in SHGs often become advocates for girls' education and community health initiatives (Kumar et al., 2021). Therefore, integrating awareness education with SHG activities can contribute significantly to social transformation.

#### **4. Digital Literacy and Technological Inclusion**

In the contemporary digital era, digital literacy has become essential for socio-economic participation. Many rural women lack access to digital technologies and online services. Educational interventions should focus on teaching women how to use smartphones, digital banking applications, online payment systems, and social media platforms for business promotion.

Digital literacy programmes can improve women's access to information, financial services, and online markets. According to the World Bank (2012), digital inclusion contributes to economic empowerment and social participation.

SHGs can collaborate with educational institutions and government agencies to provide basic computer and digital skills training. Technological inclusion can also strengthen women-led enterprises by enabling direct access to customers and broader markets.

#### **5. Adult Education and Literacy Programmes**

Illiteracy remains a major barrier to women empowerment in rural areas. Many women associated with SHGs have limited formal education, which restricts their participation in financial and administrative activities. Adult education programmes should therefore be integrated with SHG initiatives.

Literacy programmes can help women develop reading, writing, and numeracy skills necessary for maintaining records, accessing government services, and understanding banking procedures. According to Sen (1999), education expands human capabilities and promotes freedom and empowerment.

Adult education also contributes to increased self-confidence, awareness, and participation in social activities. Functional literacy programmes designed according to local needs can significantly strengthen the effectiveness of SHGs.

#### **6. Leadership and Communication Skill Development**

Leadership development is an important aspect of women empowerment. SHGs provide opportunities for women to organize meetings, manage group activities, and participate in collective decision-making. Educational programmes focusing on leadership, communication, and public speaking skills can further strengthen women's confidence and participation.

Training in leadership and communication helps women express opinions confidently and participate actively in community affairs. According to Deshmukh-Ranadive (2004), SHGs create spaces for collective identity formation and democratic participation.

Women who develop leadership skills through SHGs often become role models within their communities and participate in local governance institutions. Therefore, educational interventions should encourage participatory leadership and collaborative learning among SHG members.

#### **Conclusion:**

Self-Help Groups have become powerful tools for promoting socio-economic empowerment among rural women. The analysis shows that SHGs play a significant role in economic independence, social

involvement, decision-making, leadership skills, educational awareness, and psychological empowerment. Through collective participation and financial inclusion, women build confidence, communication abilities, and entrepreneurial skills. SHGs create opportunities for women to engage actively in family and community matters and challenge traditional gender roles. However, challenges such as financial limits, lack of market access, inadequate training, and patriarchal barriers still impact how effective SHGs are. Strengthening institutional support, financial help, digital literacy, and business training is key to achieving sustainable empowerment. Overall, SHGs play a transformative role in promoting gender equality, rural development, and social justice in India. Ongoing policy support and community involvement can further enhance the contributions of SHGs in empowering rural women.

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