

Financial Inclusion and Economic Agency of Bodo Women: Examining the Role of Self-Help Groups in Rural Assam

Ganesh Barman¹, Dr Bilash Chandra Das²

¹Phd Scholar, Department of Political Science, USTM

²Professor, Dept of Political Science, USTM

Abstract

Financial inclusion has emerged as a key driver of inclusive growth and gender equality in developing economies. In India, Self-Help Groups (SHGs) have played a transformative role in integrating rural women into formal financial systems, thereby enhancing their economic participation and agency. This paper examines the relationship between financial inclusion and economic agency among Bodo women in Assam, with particular reference to the Bodoland Territorial Region (BTR). The study is based on secondary data drawn from government reports, academic literature, and institutional publications. It explores how SHGs facilitate access to financial services, strengthen savings and credit behavior, and enhance women's participation in household and community-level decision-making. The findings indicate that SHGs have significantly contributed to improving financial access, income-generating opportunities, and socio-economic status among Bodo women. However, persistent structural challenges such as limited market access, inadequate financial literacy, digital exclusion, and institutional inefficiencies constrain the depth of empowerment. The paper argues that financial inclusion must be understood as a multidimensional process that enhances economic agency rather than merely providing access to financial services. The study concludes with policy recommendations emphasizing capacity building, digital financial inclusion, and institutional strengthening to ensure sustainable empowerment outcomes.

Keywords: Financial Inclusion; Economic Agency; Bodo Women; Self-Help Groups; Assam; Rural Development; Women Empowerment

1. Introduction

Women's empowerment has become a central concern in contemporary development discourse, particularly in the context of rural economies where gender-based disparities remain deeply entrenched. In India, women in rural and tribal regions often face systemic barriers such as limited access to education, restricted mobility, and exclusion from formal financial institutions. These constraints significantly limit their economic participation and decision-making capacity.

Financial inclusion has emerged as a critical strategy to address these inequalities. Defined as access to affordable and appropriate financial services, financial inclusion enables individuals to save, invest, and manage risks effectively. For women, access to financial services is particularly important as it enhances their ability to participate in economic activities and exercise control over resources.

The Self-Help Group (SHG) model has been one of the most successful initiatives for promoting financial inclusion in India. SHGs are informal groups of women who come together to save regularly and access credit collectively. The SHG-Bank Linkage Programme, initiated by NABARD, has significantly expanded the reach of formal financial institutions to rural areas.

In Assam, particularly in the Bodoland Territorial Region (BTR), Bodo women have traditionally been engaged in agriculture, weaving, and other informal economic activities. Despite their contributions, their access to formal financial systems has been limited. SHGs have emerged as an important platform for enhancing financial inclusion and economic participation among these women.

This paper examines how financial inclusion through SHGs contributes to enhancing economic agency among Bodo women. It argues that financial inclusion is not merely about access to financial services but also about enabling women to make strategic economic decisions and improve their socio-economic status.

2. Conceptual Framework

This study is grounded in the concept of economic agency, which refers to an individual's ability to make and act upon economic decisions. The framework draws upon Amartya Sen's capability approach and Naila Kabeer's empowerment framework.

Sen (1999) conceptualizes development as the expansion of freedoms and capabilities. From this perspective, access to financial services enhances individuals' capabilities by providing opportunities for economic participation.

Kabeer (1999) defines empowerment as a process involving three dimensions:

- Resources (material, human, and social assets)
- Agency (decision-making and action)
- Achievements (outcomes of choices)

SHGs contribute to empowerment by enhancing access to financial resources, strengthening women's agency, and improving socio-economic outcomes.

3. Review of Literature

The literature on financial inclusion and women's empowerment has evolved significantly over the past few decades, encompassing theoretical, empirical, and policy-oriented perspectives.

3.1 Financial Inclusion and Economic Development

Financial inclusion is widely regarded as a key driver of economic development. The World Bank (2017) emphasizes that access to financial services enables individuals to invest in productive activities, smooth consumption, and manage financial risks. Demirgüç-Kunt et al. (2018) argue that financial inclusion contributes to poverty reduction and economic growth by facilitating access to credit and savings.

In the Indian context, the Rangarajan Committee (2008) defined financial inclusion as ensuring access to financial services for vulnerable groups at affordable costs. Subsequent policy initiatives have focused on expanding banking infrastructure and promoting digital financial services.

3.2 SHGs and Microfinance in India

The SHG-Bank Linkage Programme has been instrumental in promoting financial inclusion among rural women. NABARD (2018) reports that SHGs have significantly improved savings habits, credit access, and financial literacy.

Swain and Wallentin (2009) found that SHG participation enhances women's economic independence and decision-making capacity. Deininger and Liu (2013) demonstrated that SHGs contribute to improved household welfare and empowerment.

3.3 Women's Empowerment and Economic Agency

Kabeer (1999, 2005) highlights that empowerment involves the ability to make strategic life choices. Access to financial resources is a critical factor in enhancing women's agency. Agarwal (1997) argues that economic resources strengthen women's bargaining power within households.

Mayoux (2001) emphasizes that microfinance programs can contribute to empowerment when combined with social support and capacity-building initiatives.

3.4 Regional Studies: Northeast India

Studies focusing on Northeast India indicate that SHGs have improved the socio-economic conditions of tribal women. Das (2012) found that SHGs have enhanced income and social participation. Gogoi (2016) observed improved savings and reduced reliance on informal credit.

Recent research in Assam highlights the role of SHGs in promoting livelihood diversification and financial inclusion among rural women.

3.5 Critiques of SHGs and Microfinance

Despite their success, SHGs have faced criticism. Bateman (2010) argues that microfinance may lead to indebtedness and limited long-term impact. Karim (2011) suggests that microfinance programs may reinforce existing inequalities.

Banerjee et al. (2015) found that microfinance has modest effects on poverty reduction, indicating the need for complementary interventions.

3.6 Research Gap

While existing studies highlight the positive role of SHGs, there is limited research focusing specifically on the relationship between financial inclusion and economic agency among Bodo women. This paper addresses this gap.

4. Objectives of the Study

1. To examine the role of SHGs in promoting financial inclusion among Bodo women
2. To analyze the impact of financial inclusion on economic agency
3. To identify challenges in SHG functioning
4. To suggest policy measures

5. Methodology

This study adopts a qualitative analytical approach based on secondary data. Data sources include government reports, academic journals, and institutional publications.

Thematic analysis is used to examine key indicators such as access to financial services, savings behavior, credit utilization, and decision-making participation.

6. Financial Inclusion through Self-Help Groups

Self-Help Groups (SHGs) function as decentralized, community-based financial institutions that play a crucial role in bridging the gap between rural women and formal banking systems. In regions such as the Bodoland Territorial Region (BTR), where institutional outreach is limited and socio-cultural barriers restrict women's mobility, SHGs provide an accessible and trusted mechanism for financial inclusion.

6.1 Access to Formal Banking Services

One of the primary contributions of SHGs is their ability to integrate previously excluded women into the formal financial system. Through the SHG-Bank Linkage Programme, women gain access to savings accounts, credit facilities, and other banking services. This linkage reduces dependency on informal moneylenders, who often charge exorbitant interest rates, thereby protecting women from cycles of indebtedness.

Moreover, the collective nature of SHGs enhances creditworthiness. Banks are more willing to extend loans to groups rather than individuals due to shared responsibility and peer monitoring, which lowers default risk. As a result, Bodo women who were previously considered “unbankable” become active participants in the financial system.

6.2 Promotion of Savings Behavior

Regular savings constitute the foundation of SHG functioning. Members contribute small, fixed amounts periodically, creating a pooled fund that can be used for internal lending. This practice instills financial discipline and encourages a culture of thrift among women.

In the context of Bodo communities, where income levels are often irregular due to dependence on agriculture and seasonal activities, SHGs provide a structured mechanism for savings. These savings act as a financial cushion during emergencies, reducing vulnerability and enhancing resilience.

6.3 Access to Affordable Credit

SHGs provide access to low-interest loans for both consumption and productive purposes. Women utilize these loans for activities such as agriculture, livestock rearing, weaving, and small-scale enterprises.

Access to credit enables women to invest in income-generating activities, thereby improving household income. Importantly, it also reduces reliance on exploitative informal credit systems. The flexibility in repayment terms further enhances accessibility for women with irregular income streams.

6.4 Financial Literacy and Capability Building

Participation in SHGs enhances financial literacy by exposing women to basic financial concepts such as budgeting, savings management, interest calculation, and loan repayment. Training sessions organized by government agencies and NGOs further strengthen these capabilities.

Improved financial literacy enables women to make informed financial decisions, thereby strengthening their economic agency. It also facilitates their transition from informal to formal financial systems.

6.5 Digital Financial Inclusion

In recent years, digital financial services have become an important component of financial inclusion. However, in rural Assam, digital literacy remains limited. SHGs have the potential to act as facilitators of digital inclusion by providing training and collective access to digital platforms such as mobile banking and Unified Payments Interface (UPI).

Despite this potential, digital exclusion remains a significant challenge due to limited infrastructure, lack of awareness, and socio-cultural barriers.

7. Economic Agency among Bodo Women

Economic agency refers to the ability of individuals to make and act upon economic decisions. Financial inclusion through SHGs contributes to enhancing economic agency among Bodo women in multiple ways.

7.1 Participation in Household Decision-Making

One of the most significant outcomes of financial inclusion is the increased participation of women in household decision-making. Women who contribute financially to the household are more likely to be

involved in decisions related to expenditure, education, healthcare, and investments.

In many cases, SHG membership shifts traditional gender dynamics by enhancing women's bargaining power within the family. This transformation is particularly important in patriarchal societies where women's voices are often marginalized.

7.2 Income Generation and Livelihood Diversification

Access to credit and financial resources enables women to engage in income-generating activities. In the BTR, common activities include weaving, handicrafts, poultry farming, and small retail businesses.

SHGs facilitate livelihood diversification, reducing dependence on a single source of income. This diversification enhances economic stability and reduces vulnerability to economic shocks.

7.3 Control over Financial Resources

Economic agency is closely linked to control over resources. SHG participation enables women to manage their own savings and access credit independently. This financial autonomy enhances self-confidence and reduces dependency on male family members.

Control over financial resources also allows women to prioritize expenditures related to children's education and healthcare, thereby contributing to broader social development.

7.4 Enhancement of Self-Confidence and Social Identity

Participation in SHGs fosters a sense of collective identity and belonging. Regular meetings and group activities provide a platform for interaction, knowledge sharing, and mutual support.

This collective engagement enhances self-confidence and leadership skills among women. As a result, many women become active participants in community affairs and local governance.

7.5 Social Recognition and Status

Economic participation leads to increased social recognition. Women who contribute to household income and engage in entrepreneurial activities gain respect within their families and communities.

This shift in social status is a critical aspect of empowerment, as it challenges traditional gender roles and promotes gender equality.

8. Challenges and Structural Constraints

Despite the positive impact of SHGs, several structural challenges limit their effectiveness in promoting financial inclusion and economic agency.

8.1 Limited Market Access and Value Chains

One of the major constraints faced by SHG members is the lack of access to markets. Products such as handloom textiles and handicrafts often fail to reach larger markets due to inadequate marketing infrastructure and lack of branding.

Without proper market linkages, income-generating activities remain small-scale and less profitable.

8.2 Inadequate Skill Development and Training

Many SHG members lack access to advanced skill development programs. While basic training is often provided, there is limited focus on entrepreneurship development, product diversification, and quality enhancement.

This restricts the scalability and sustainability of SHG-based enterprises.

8.3 Digital Divide

Digital financial services are becoming increasingly important, but many rural women lack access to digital tools and skills. Limited internet connectivity, lack of smartphones, and low digital literacy contribute to digital exclusion.

This gap prevents women from fully benefiting from modern financial systems.

8.4 Institutional and Administrative Barriers

Bureaucratic delays, lack of coordination among agencies, and inadequate monitoring mechanisms hinder the functioning of SHGs. Delays in loan disbursement and limited access to government schemes reduce effectiveness.

8.5 Socio-Cultural Constraints

Patriarchal norms and gender roles continue to restrict women's mobility and participation. In some cases, women face resistance from family members, limiting their ability to engage in economic activities.

9. Discussion

The analysis indicates that SHGs have played a significant role in promoting financial inclusion and economic agency among Bodo women. However, the extent of empowerment varies across individuals and communities.

Financial inclusion has improved access to resources, but its impact on agency depends on factors such as education, social norms, and institutional support. While SHGs enhance economic participation, their transformative potential is constrained by structural barriers.

The findings suggest that financial inclusion should not be viewed in isolation but as part of a broader development strategy that includes capacity building, market integration, and institutional strengthening.

10. Policy Implications

The study highlights several policy measures for strengthening the impact of SHGs:

10.1 Strengthening Financial Literacy

Comprehensive financial education programs should be implemented to enhance women's understanding of financial services.

10.2 Promoting Digital Inclusion

Government initiatives should focus on improving digital infrastructure and providing training in digital financial services.

10.3 Enhancing Market Linkages

Efforts should be made to connect SHG products with larger markets through e-commerce platforms and cooperatives.

10.4 Skill Development and Entrepreneurship Training

Advanced training programs should be introduced to enhance productivity and promote entrepreneurship.

10.5 Institutional Strengthening

Improved coordination among government agencies and better monitoring mechanisms are essential for effective implementation.

11. Conclusion

Self-Help Groups have emerged as a powerful mechanism for promoting financial inclusion and enhancing economic agency among Bodo women in Assam. By facilitating access to financial services, SHGs have enabled women to participate more actively in economic activities and decision-making processes.

However, the process of empowerment remains incomplete due to structural constraints such as limited market access, digital exclusion, and socio-cultural barriers. Addressing these challenges requires a

holistic approach that integrates financial inclusion with capacity building, market development, and institutional support.

Ultimately, sustainable empowerment can only be achieved when financial inclusion translates into enhanced agency, improved livelihoods, and greater social recognition for women.

References

1. Agarwal, B. (1997). *Feminist Economics*.
2. Banerjee, A., et al. (2015). *American Economic Journal*.
3. Bateman, M. (2010). *Zed Books*.
4. Das, S. (2012). *Journal of Rural Development*.
5. Deininger, K., & Liu, Y. (2013). *World Bank*.
6. Demirgüç-Kunt, A., et al. (2018). *World Bank*.
7. Gogoi, M. (2016). *Social Science Review*.
8. Kabeer, N. (1999, 2005).
9. Karim, L. (2011).
10. Mayoux, L. (2001).
11. NABARD (2018).
12. Rangarajan Committee (2008).
13. Sen, A. (1999).
14. World Bank (2017).