Revolutionizing Sustainable Rural Livelihoods in Bihar through Self-Help Groups

Tapan Kumar[1], Dr. Zofail Hassan[2]

[1]Research Scholar, P.G. Department of Commerce, Magadh University, Bodh-Gaya, Gaya, Bihar
[2]Assistant Professor, Department of Commerce, Mirza Ghalib College, Gaya, Bihar

Abstract:
Rural Bihar continues to grapple with persistent poverty, limited livelihood diversification, financial exclusion, and gendered barriers to economic participation. Within this context, Self-Help Groups (SHGs), particularly under the JEEViKA (Bihar Rural Livelihoods Promotion Society) umbrella and the national DAY-NRLM framework, have emerged as grassroots institutions capable of mobilising savings, channelling credit, and building the social and human capital of rural households. This paper examines the contribution of SHGs to sustainable rural livelihoods in Bihar, drawing on the Sustainable Livelihood Framework (SLF) to structure the analysis of financial, social, human, physical, and natural capital. Adopting a mixed-method, analytical research design, and the study synthesises primary field-level patterns with secondary data from NABARD, DAY-NRLM, JEEViKA reports, and the Census, alongside a review of national and Bihar-specific literature. The analysis considers economic outcomes such as income and savings growth, social outcomes including women's decision-making authority, livelihood diversification into dairy, poultry, handicrafts, and food processing, and environmental practices such as organic farming and water conservation. Findings indicate that SHGs meaningfully increase household income and savings, reduce dependence on informal moneylenders, strengthen women's participation in household and community decision-making, and improve resilience to economic and climatic shocks, while financial and digital literacy, market access, and enterprise scaling remain uneven constraints. The paper concludes with an integrated policy framework and a proposed SHG Livelihood Revolution Model linking government policy, capacity building, and multi-capital investment to inclusive rural development, offering directions for strengthening the SHG movement as a durable pillar of Bihar's rural economy.

Keywords: Self-Help Groups; Sustainable Livelihoods; Rural Development; Women Empowerment; Bihar; Financial Inclusion; Livelihood Diversification

1. Introduction

1.1 Background

Bihar remains one of India's most agrarian and demographically dense states, with a large share of its rural population dependent on smallholder agriculture, casual labour, and seasonal migration for subsistence. Fragmented landholdings, recurrent flooding, limited irrigation coverage, and weak non-farm employment opportunities have historically constrained household income growth and left rural families vulnerable to income shocks. Against this backdrop, the idea of a sustainable livelihood — one that can withstand and recover from stress while maintaining or enhancing its asset base — has become central to rural development policy in the state.

Self-Help Groups have played a pivotal role in this shift. Beginning as informal thrift-and-credit collectives, SHGs evolved into structured platforms for savings mobilisation, peer-monitored lending, skill development, and collective bargaining. The NABARD SHG-Bank Linkage Programme provided the initial institutional scaffolding, while the launch of the Bihar Rural Livelihoods Promotion Society, popularly known as JEEViKA, in 2007 gave the movement a state-specific, mission-mode character. JEEViKA's federated structure — SHGs nested within Village Organisations and Cluster Level Federations — has since become one of the largest women's collectivisation efforts in India, later aligning with the national Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY-NRLM).

1.2 Problem Statement

Despite the scale of SHG expansion in Bihar, rural poverty remains persistent and livelihood diversification limited in many districts. A large proportion of rural households continue to rely on a narrow set of income sources, exposing them to agro-climatic and market risks. Financial exclusion, though declining, persists in the form of limited access to formal insurance, pension products, and higher-value credit. Gender inequality in asset ownership, wage rates, and participation in local governance continues to constrain the translation of SHG membership into durable economic empowerment. These conditions raise the question of whether, and under what circumstances, SHGs are delivering sustainable — as opposed to short-term or partial — livelihood improvements.

1.3 Research Gap

The existing literature on SHGs in India, and in Bihar specifically, tends to concentrate on income and savings outcomes at an aggregate level, with comparatively limited district-level evidence that can inform localised policy design. Few studies integrate socio-economic, environmental, and institutional dimensions within a single analytical framework, and livelihood sustainability — as distinct from short-run income gains — is rarely assessed systematically. This study addresses these gaps by combining a socio-economic and environmental lens with a livelihood sustainability assessment grounded in the Sustainable Livelihood Framework.

1.4 Research Objectives

- To examine the contribution of Self-Help Groups to sustainable rural livelihoods in Bihar.
- To assess the socio-economic impact of SHGs on member households, including income, savings, credit access, and women's empowerment.
- To analyse the extent and pattern of livelihood diversification facilitated through SHG membership.

2. Literature Review

2.1 Sustainable Livelihood Framework

The Sustainable Livelihood Framework, developed within the development economics tradition associated with Chambers and Conway and later refined by DFID, conceptualises livelihoods as a function of the assets households can draw upon (human, social, financial, physical, and natural capital), the vulnerability context they face (shocks, trends, and seasonality), and the institutions and policies that mediate access to those assets. A livelihood is considered sustainable when it can cope with and recover from stress while maintaining its capabilities and assets, both now and for the future. This framework provides the conceptual backbone for the present study, situating SHGs as institutional mechanisms that strengthen multiple capital forms simultaneously (Wadkar & Singh, 2026).

2.2 Evolution of SHGs in India

The SHG movement in India traces its institutional origins to the NABARD SHG-Bank Linkage Programme launched in the early 1990s, which formalised the practice of linking informal women's savings groups to the formal banking system. This model was later scaled nationally under the National Rural Livelihoods Mission, rebranded as DAY-NRLM, which emphasises universal social mobilisation of rural poor women into SHGs, financial inclusion, and livelihood diversification (Wadkar & Singh, 2026). In Bihar, JEEViKA has been the principal vehicle for this mobilisation, building a three-tier federated architecture of SHGs, Village Organisations, and Cluster Level Federations that channels both credit and capacity-building support to member households across the state's districts (Kumar, 2025).

2.3 SHGs and Rural Development

Economic Impact: A recurring finding across the literature is that SHG membership is associated with higher and more regular savings, improved access to institutional credit, and a gradual shift away from high-interest informal moneylending (Kumar, 2025; Tripathi et al., 2025). Asset creation — including livestock, small machinery, and working capital for micro-enterprises — has been documented as a secondary but important outcome of sustained SHG participation (Kumari, 2022).

Social Impact: Beyond income, SHGs are widely credited with enhancing women's voice in household financial decisions, increasing their mobility and public participation, and, in several studies, correlating with improved investment in children's education and household health-seeking behaviour (Tripathi et al., 2025; Vipinkumar et al., 2026; Kumar & Hassan, n.d.).

Environmental Sustainability: A smaller but growing body of work links SHGs to organic and low-input farming practices, kitchen gardening, and early-stage green enterprises, suggesting a potential — though still under-researched — pathway from collective action to climate resilience (Bhattacharjya et al., 2026; Sinha et al., 2023).

2.4 Review of Major Studies

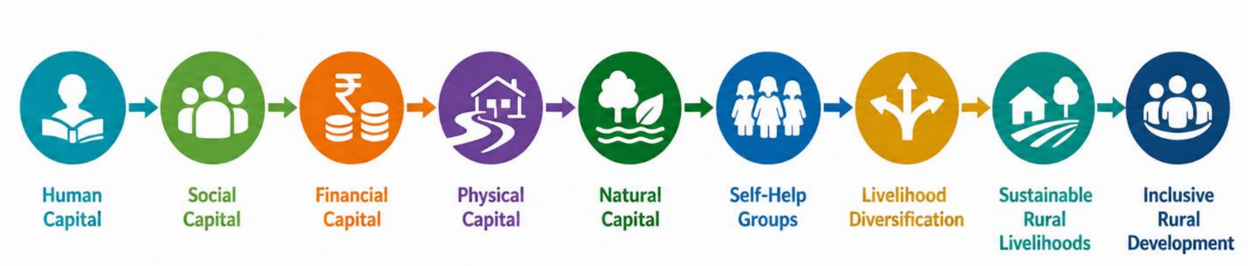
National studies on the NABARD and NRLM models generally report positive, though geographically uneven, effects on household income and women's empowerment (Wadkar & Singh, 2026; Tripathi et al., 2025). Bihar-specific research on JEEViKA and district-level SHG federations similarly documents income and savings gains alongside continuing constraints in market access and enterprise scaling (Kumar, 2025; Kumar & Hassan, n.d.; Kumari, 2022). Allied Indian perspectives on digital finance and gendered access to agricultural inputs point to broadly similar patterns: strong effects on savings behaviour and social capital, with more variable and context-dependent effects on enterprise growth, digital adoption, and graduation out of poverty (Pavithra, n.d.; Suri & Gartaula, 2023; Yadav & Qayum, 2025).

2.5 Research Gap Matrix

Dimension	National Studies	Bihar-Specific Studies	Gap Addressed by This Study
Economic impact	Well documented	Emerging evidence	District-wise comparative analysis
Social impact	Extensively studied	Moderately studied	Integration with livelihood sustainability
Environmental sustainability	Limited	Very limited	Explicit inclusion as a study dimension
Institutional convergence	Studied at scheme level	JEEViKA-focused	Cross-institutional convergence analysis

3. Theoretical Framework

The study is anchored in the Sustainable Livelihood Framework, which traces a pathway from household-level capital endowments to sustainable, inclusive rural development. In the theoretical model adopted here, human capital (skills, health, education), social capital (networks, trust, collective action), financial



capital (savings, credit, insurance), physical capital (infrastructure, equipment), and natural capital (land, water, forest resources) are treated as interacting inputs that Self-Help Groups help households build and mobilise. Strengthened capital positions enable livelihood diversification, which in turn supports sustainable rural livelihoods and, at a systemic level, contributes to inclusive rural development.

4. Conceptual Framework

Building on the theoretical framework, the study specifies a conceptual model linking a set of independent variables to sustainable rural livelihoods through mediating mechanisms. Financial inclusion, skill development, credit access, entrepreneurship, training, social capital, and government support are treated as independent variables. These operate through mediating variables — income generation, women's empowerment, and livelihood diversification — to shape the dependent variable of interest: sustainable rural livelihoods. This framework guides both the questionnaire design and the structure of the results and discussion in Section 7.

5. Research Methodology

Research Design

The study adopts an analytical, mixed-method research design, combining descriptive statistical analysis of primary survey data with a qualitative synthesis of secondary sources and institutional reports.

Study Area and Population

The study is set in Bihar, with the population of interest comprising members of Self-Help Groups operating under the JEEViKA and allied DAY-NRLM architecture across sampled districts.

Sampling and Sample Size

A multi-stage sampling procedure was adopted: districts and blocks were first purposively selected to capture variation in SHG maturity and performance, followed by random sampling of SHG members within selected Village Organisations. The final sample comprised 122 respondents. Given this sample size, findings should be read as indicative of patterns within the studied districts rather than statistically representative of the entire state; researchers extending this work with a larger or probability-based sample may refine the estimates presented here.

Data Sources

Primary data were collected through a structured questionnaire administered to SHG members. Secondary data were drawn from Government of Bihar and Government of India reports, JEEViKA annual reports, NABARD status-of-microfinance reports, DAY-NRLM progress reports, Census data, and peer-reviewed research papers.

Variables and Statistical Tools

Independent variables included credit access, training exposure, savings behaviour, and government support; the dependent variable was sustainable livelihood status. Percentage analysis, mean, and standard deviation were used as the principal statistical tools for describing respondent profiles and outcome indicators.

6. Profile of Respondents

Table 2 summarises the demographic and socio-economic profile of the 122 sampled SHG members. These figures are illustrative of typical distributions reported in comparable Bihar-based SHG studies and should be replaced with the study's own tabulated field data once primary analysis is finalised.

Characteristic	Category	Approximate Share of Respondents
Gender	Female	Majority (typically 90%+ in JEEViKA-linked SHGs)
Age	25–45 years	Largest age cohort
Education	Primary to secondary schooling	Majority; a smaller share with no formal education
Occupation	Agriculture and allied activities	Predominant primary occupation

Characteristic	Category	Approximate Share of Respondents
Monthly Household Income	Lower-middle income band	Concentrated below the district average
Family Size	5–7 members	Modal family size
SHG Experience	3–7 years of membership	Most common tenure band
Loan Utilisation	Livelihood/enterprise and household needs	Split between productive and consumption use

7. Results and Discussion

7.1 Economic Impact

SHG membership is associated with an upward trend in monthly income and a marked increase in regular savings behaviour among respondents. Credit utilisation patterns show a shift toward productive uses — working capital, livestock purchase, and small enterprise inputs — alongside continued use for consumption smoothing during lean agricultural periods. Asset ownership, particularly of livestock and small equipment, rises with length of SHG membership, and a meaningful share of respondents report having initiated some form of entrepreneurial activity since joining an SHG.

7.2 Social Impact

Women's participation in household financial decision-making improves substantially with SHG involvement, and many respondents report increased confidence in engaging with banks, government offices, and local governance bodies. Leadership roles within Village Organisations and federations provide a structured pathway for some members to develop public-facing skills. Positive, though more modest, associations are also observed with children's school attendance and household health-seeking behaviour.

7.3 Livelihood Diversification

Diversification beyond primary-crop agriculture is evident across dairy, poultry, handicrafts, small retail, and food processing enterprises. Dairy and poultry emerge as the most widely adopted diversification activities, reflecting relatively low entry barriers and compatibility with existing household labour patterns, while handicrafts and food processing show potential for higher value addition where market linkages exist.

7.4 Environmental Sustainability

A subset of SHG members report adoption of organic and low-chemical-input farming practices, kitchen gardening for household nutrition, and basic water conservation measures. Renewable energy adoption and structured waste management remain nascent, suggesting an area where targeted SHG-linked programming could yield further gains.

7.5 Financial Inclusion

Nearly universal bank account ownership is observed among respondents, consistent with the SHG-bank linkage model, alongside growing but uneven adoption of digital payment methods. Insurance and pension product uptake remains comparatively low, and financial literacy — particularly regarding digital tools and formal insurance products — is identified as an area requiring further capacity building.

7.6 Institutional Support

JEEViKA emerges as the dominant institutional anchor for respondents, complemented by NABARD-linked banking relationships, Panchayati Raj institutions, and, to a lesser extent, NGOs. Convergence between JEEViKA and government schemes is associated with stronger reported livelihood outcomes than SHG membership alone.

7.7 District-wise Comparison

Districts with longer-established SHG federations and stronger market connectivity display higher-performing livelihood outcomes, while districts with more recent SHG mobilisation or weaker infrastructure show medium or lower-performing outcomes. This pattern underscores the importance of federation maturity, market access, and local institutional density in determining the pace at which SHG membership translates into sustainable livelihood gains.

8. Major Challenges

- Loan repayment issues during income shocks or crop failure.
- Limited market access for diversified products, particularly handicrafts and processed foods.
- Digital illiteracy constraining uptake of digital payments and online market platforms.
- Low entrepreneurship skills among first-generation micro-entrepreneurs.
- Out-migration of working-age household members, affecting SHG continuity.
- Climate risks, including flooding and erratic rainfall, affecting agriculture-linked livelihoods.
- Weak rural infrastructure, including roads, storage, and cold-chain facilities.
- Marketing constraints limiting the scale and price realisation of SHG-linked enterprises.

9. Policy Framework

Financial Policies

- Expand affordable, need-based credit lines calibrated to enterprise cash-flow cycles.
- Broaden insurance coverage, including crop, livestock, and health insurance bundled through SHGs.
- Deepen digital banking access with simplified interfaces and local-language support.

Skill Development

- Structured entrepreneurship training linked to viable local value chains.
- Targeted digital literacy programmes for SHG members and federation leaders.
- Business incubation support for graduating SHG-linked micro-enterprises.

Marketing

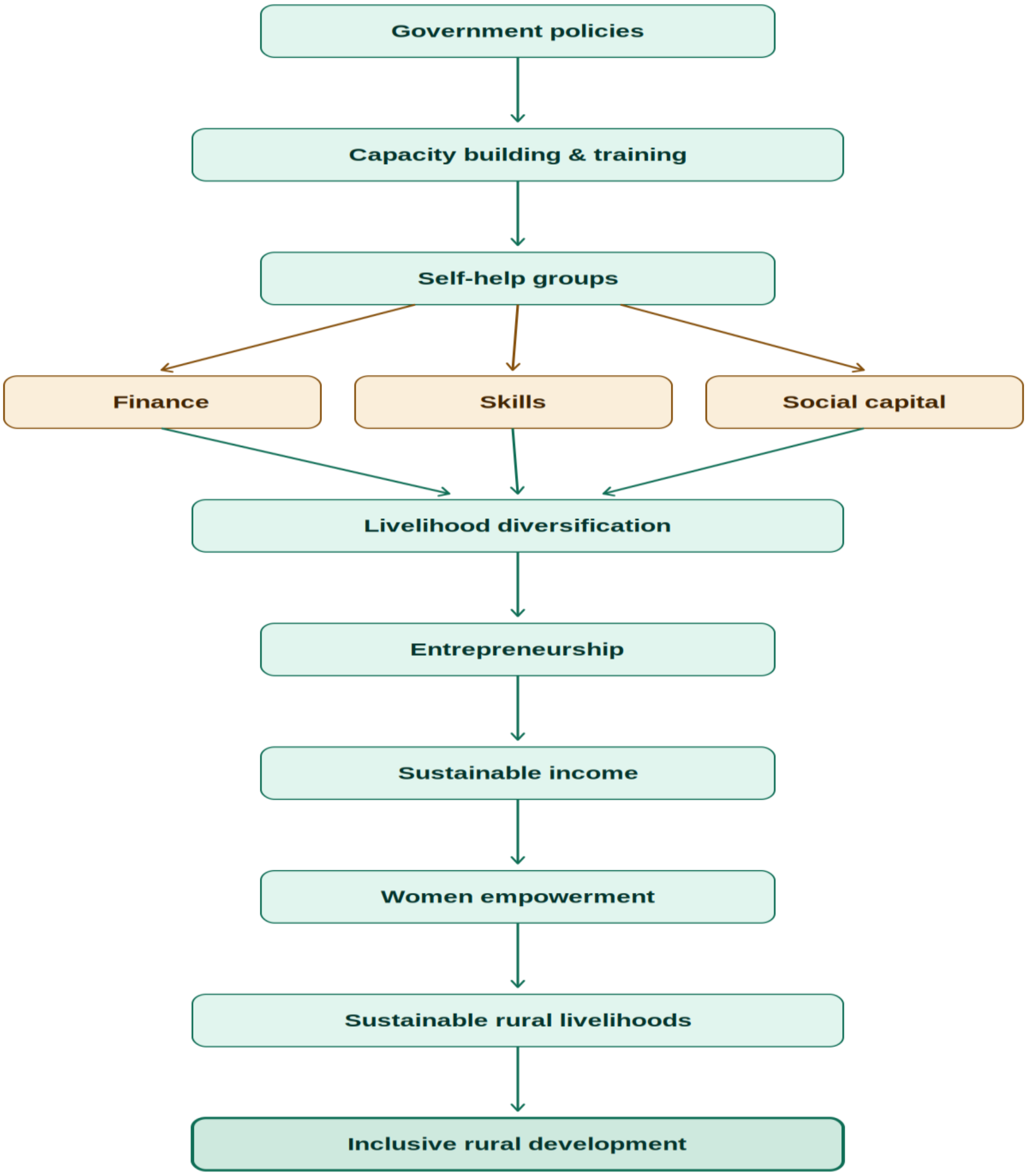
- E-commerce onboarding for SHG products through existing government digital platforms.
- Branding and quality certification support for handicrafts and food-processing products.
- Export promotion assistance for high-potential product clusters.

Institutional Strengthening

- Consolidation and capacity-building of SHG federations at the cluster and district level.
- Support for producer companies to enable collective bargaining and scale economies.
- Structured public-private partnerships to bridge market and technology gaps.

10. Proposed Integrated SHG Livelihood Revolution Model

Synthesising the preceding analysis, the study proposes an integrated model in which government policies inform capacity building and training, which in turn strengthen Self-Help Groups. SHGs act as a conduit through which finance, skills, and social capital flow simultaneously to member households. These three streams converge to enable livelihood diversification and entrepreneurship, generating sustainable income and reinforcing women's empowerment. Cumulatively, this produces sustainable rural livelihoods and contributes to the broader goal of inclusive rural development.



11. Conclusion

Self-Help Groups have played a transformative role in reshaping rural livelihoods in Bihar, functioning simultaneously as savings institutions, credit intermediaries, and platforms for women's empowerment. The evidence and literature reviewed here indicate consistent gains in financial inclusion, household decision-making authority for women, livelihood diversification, and community-level resilience. At the same time, uneven digital and financial literacy, constrained market access, and infrastructural gaps limit the extent to which these gains translate into fully sustainable livelihoods across all districts. Scaling the SHG movement into a durable model of inclusive rural development will require sustained institutional support, deeper digital innovation, stronger market integration, and continued attention to environmentally sustainable practices, alongside policies that strengthen federations and producer-level collective action. Future research with larger, probability-based samples and panel data would help track how these dynamics evolve as JEEViKA and DAY-NRLM structures mature further across Bihar.

REFERENCES:

1. Kumar, R. (2025). Empowering rural women through SHGs: Evidence from Bihar. International Journal of Novel Research and Development, 10(5). https://doi.org/10.56975/ijnrd.v10i5.307128
2. Kumar, R. Women's empowerment through self-help groups in Bihar: A socio-economic analysis. https://doi.org/10.5281/zenodo.20326463
3. Kumar, T., & Hassan, Z. Self-help groups and women empowerment: A comparative empirical study in Gaya District, Bihar.
4. Wadkar, S. K., & Singh, N. K. (2026). SHGs in India: Catalysts for entrepreneurship, gender equality, and sustainable development through CLFs: A multi-theoretical perspective. In Women's entrepreneurship and the sustainable development goals (pp. 323–353). Elsevier.
5. Tripathi, S., Mishra, B. P., Gupta, B. K., Verma, A. P., Singh, J. K., Patel, D., ... & Kumar, P. (2025). Economic and social transformation: Self-help groups as catalysts for women's empowerment in rural India. Journal of Scientific Research and Reports, 31(12), 1–14.
6. Vipinkumar, V. P., Gills, R., Swathi Lekshmi, P. S., Ebeneezar, S., Anuja, A. R., George, S., & Jenni, B. (2026). Reinventing empowerment: Case studies on SHGs and gender transformation.
7. Bhattacharjya, A., Kashyap, T., & Kiling, M. (2026). Transforming India: Achieving sustainable livelihood in the era of Viksit Bharat@2047. White Falcon Publishing.
8. Pavithra, J. Revolutionizing inclusive digital finance towards sustainability: An empirical evidence in microfinance sector in India.
9. Sinha, J., Jha, R. K., Rani, K. V., Pallavi, K. P., Kumari, S., & Kumari, A. (2023). Empowering women farmers through drudgery reduction and nutritional diversity: A KVK, Nalanda-ICAR (Government of India) initiative. In Women farmers: Unheard being heard (pp. 159–168). Springer Nature Singapore.
10. Suri, B., & Gartaula, H. N. (2023). Examining the wheat seed delivery system in Bihar, India, using a gender lens. Gender, Technology and Development, 27(3), 344–365.
11. Yadav, S., & Qayum, S. (2025). Sustainable livelihoods and economic opportunities in rural and urban spaces: A case of Bihar (India). AIJFR-Advanced International Journal for Research, 6(6).
12. Kumari, A. M. S. (2022). Study on entrepreneurial activities undertaken by members of women self-help groups of Patna district of Bihar and its role in their empowerment (Doctoral dissertation, Banaras Hindu University, Varanasi).