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## **SOCIO-ECONOMIC IMPACT OF SHG-BASED MICROFINANCE ON RURAL WOMEN IN MORIGAON DISTRICT OF ASSAM**

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### **Abstract**

Self-Help Group-based microfinance is recognized as a key instrument for poverty alleviation and women empowerment in India. In Assam, rural women face persistent challenges of low income, limited collateral and dependence on informal credit. Morigaon district, with 82.5% rural population and recurrent flood vulnerability, has seen significant SHG expansion under DAY-NRLM. As of 2024, ASRLM reports 11,286 SHGs in Morigaon covering 1.28 lakh women. This study examines the Socio-Economic Impact of SHG-Based Microfinance on Rural Women in Morigaon District. Objectives: 1) Assess impact on income and employment; 2) Analyze changes in savings and asset creation; 3) Evaluate social empowerment through decision-making, mobility, and awareness; 4) Identify operational constraints. Primary data was collected from 300 SHG women members across 5 blocks - Morigaon, Mayong, Bhurbandha, Laharighat, and Kapili - using structured interview schedule. Findings show that 64% respondents reported monthly income rise from Rs 2,850 to Rs 4,900, a 71.9% increase. Regular savings improved from 25% to 68% members. Bank credit access rose from 17% to 76%. Socially, 59% reported greater role in household financial decisions and 54% experienced improved mobility. Major constraints were marketing gaps 35%, inadequate skill training 29%, and flood-related disruption 23%. The study concludes that SHG microfinance has enhanced economic security and social status of rural women in Morigaon. However, sustainability requires flood-resilient livelihoods, stronger market linkage, and timely credit.

**Keywords:** SHG, Microfinance, Women Empowerment, Income

### **INTRODUCTION**

Women constitute 48.3% of Assam's population, yet rural women remain economically marginalized due to low literacy, patriarchal norms and lack of asset ownership. Traditional banking excludes them due to absence of collateral, forcing dependence on moneylenders charging 60-120% annual interest. This perpetuates a cycle of poverty and disempowerment.

Microfinance emerged globally as an alternative credit mechanism for the unbanked poor. The SHG-Bank Linkage Programme, pioneered by NABARD in 1992. It is now the world's largest microfinance initiative. SHG is a voluntary group of 10-20 women from similar socio-economic strata who mobilize small savings and access bank credit without collateral. It integrates financial services with social capital building.

In Assam, the Assam State Rural Livelihood Mission implements SHGs under DAY-NRLM. The state has 3.96 lakh SHGs with Rs 4,200 crore bank linkage as per NABARD 2023. Morigaon district is critical due to high rural poverty 31.2%, flood-prone geography and agrarian distress. The district has 11,286 active SHGs with Rs 142 crore cumulative credit linkage as of March 2024. Dominant activities include handloom, fishery, piggery, paddy processing, and vegetable vending.

Microfinance is expected to deliver dual dividends. Economically, it provides capital for micro-enterprises, increases income, builds savings, and creates assets. Socially, group meetings enhance confidence, collective identity, mobility, awareness of rights, and participation in local governance. Thus, SHGs are viewed as platforms for holistic empowerment beyond credit delivery.

However, district-level empirical evidence remains sparse. State-level studies mask regional variations. Morigaon district people faces unique challenges: annual floods in Brahmaputra-Kopili basin destroy assets, poor road connectivity



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limits market access and traditional weaving faces design obsolescence. Keeping this in view research study was planned to investigate “Socio-Economic impact of SHG-based microfinance on rural women in Morigaon district of assam”.

## OBJECTIVES

1. To examine the impact of SHG-based microfinance on income and employment of rural women in Morigaon district.
2. To assess changes in savings behavior, bank credit access, and household asset creation after joining SHGs.
3. To analyze social impact on decision-making power, mobility, awareness of govt schemes, and children’s education.
4. To identify major operational, institutional, and environmental constraints faced by SHG members.
5. To suggest policy measures for strengthening SHG-based microfinance in flood-prone Morigaon district.

## REVIEW OF LITERATURE

ASRLM (2024) reported that 70% of SHG members in Morigaon experienced livelihood improvement, but district-level disaggregated analysis remains unavailable.

Das (2019) concluded that SHG participation led to a 45% income rise, although the absence of strong marketing linkages persisted.

Kabeer (2005) stated that empowerment through microfinance is achieved only in conjunction with social mobilization.

Mahanta et al. (2012) found that financial literacy improved through SHGs in Assam, but 69% of SHGs remained confined to limited product ranges.

NABARD (2023) revealed that only 59% of SHGs in Morigaon availed repeat loans, suggesting issues with long-term sustainability.

Saikia (2021) studied that fishery-based SHGs in Mayong and it also reported that increased income. However, the study also noted exposure to climate risks.

## METHODOLOGY

Present study adopts a descriptive and analytical research design to examine the socio-economic impact of SHG-based microfinance. Morigaon district was purposively selected due to its high SHG density, significant rural poverty and pronounced flood vulnerability. The study covered five blocks: Morigaon, Mayong, Bhurbandha, Laharighat, and Kapili. A multi-stage random sampling technique was used to select 60 women respondents from each block, with the criterion of a minimum two years of SHG membership, yielding a total sample of 300 women. Primary data were collected using a pre-tested interview schedule along with two focus group discussions per block. Capturing information is on income, savings, loans, assets and various social indicators. Secondary data were sourced from the ASRLM Annual Report 2024, NABARD 2023, and the District Statistical Handbook 2024. The collected data were analyzed using percentages, averages and comparative tables, with impact assessed by comparing the “at present” situation against the “before SHG” condition.

## ANALYSIS AND RESULTS

Primary data were gathered from the respondents through a structured interview schedule. The findings are discussed under the following headings:



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**Table 1: Demographic Profile of the respondent, n=300**

Variable	Category	No. of Respondents	Percentage (%)
<b>Age</b>	18-25 years	42	14.00
	26-35 years	141	47.00
	36-45 years	84	28.00
	Above 45 years	33	11.00
<b>Education</b>	Illiterate	63	21.00
	Up to Class VIII	96	32.00
	HSLC	93	31.00
	HS & Above	48	16.00
<b>Occupation Before SHG</b>	Housewife/Agri Labour	207	69.00
	Petty Business	57	19.00
	Others	36	12.00

Table 1 represent that 75% respondents in 26-45 age group, prime working age. 53% below HSLC, showing need for financial literacy. 69% were housewives/agricultural labor before SHG, indicating microfinance reached unemployed women.

**Table 2: Economic Indicators Before and After Joining SHG, n=300**

Indicator	Before SHG	After SHG	Change %
Average Monthly Income	Rs 2850	Rs 4900	+71.93
Members with Regular Savings	75	204	+172.00
Average	Rs 160	Rs 480	+200.00



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Savings/Month			
Access to Bank Credit	51	228	+347.06
Took Loan from Moneylender	144	45	-68.75
Household Asset: Livestock	87	156	+79.31
Household Asset: Mobile/TV	111	189	+70.27

Table 2 represent that income rose Rs 2,050 or 71.9% due to micro-enterprises. Regular savers increased from 25% to 68%. Bank linkage jumped 4.4 times while moneylender dependence fell 69%. Asset creation shows improved standard of living and risk cushion against floods.

**Table 3: Primary Income Source After SHG, n=300**

Indicator	Number	Percentage (%)
Handloom & Textile	87	29
Fishery & Dried Fish	72	24
Piggery/Poultry	63	21
Paddy Processing/Vegetable Vending	51	17
Tailoring/Petty Shop	27	9

Table 3 data reflect that Fishery is distinct to Morigaon due to wetlands. Handloom remains key due to traditional skill.

**Table 4: Social Impact of the respondent, n=300**

Social Indicator	Before SHG	After SHG	Change %
Part in financial decisions	20.00	59.00	+195.00
Visits bank/market alone	29.00	54.00	+86.21
Speaks in Gram Sabha	14.00	51.00	+264.29



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Aware of Orunodoi, PMJJBY	22.00	69.00	+213.64
Children in school regularly	45.00	73.00	+62.22

Table 4 show that 59% women now join financial decisions vs 20% earlier, showing status gain. Mobility rose as 54% visit markets alone. Gram Sabha participation grew 3.6 times, indicating political empowerment. Scheme awareness tripled due to Bank Sakhi and SHG meetings. Education spending rose, showing inter-generational impact.

**Table 5: Challenges faced by respondent, n=300**

Challenges faced	No. of Respondents	Percentage (%)
Lack of marketing for products	105	35%
Inadequate skill/EDP training	87	29%
Flood damage to assets/activity	69	23%
Delay in loan sanction	66	22%
Low price due to middlemen	57	19%
Irregular meetings/conflict	45	15%

**Table 5**, data shows that majority of the respondents are facing (35%) Lack of marketing for products. Followed by Inadequate skill/EDP training, Flood damage to assets/activity, Delay in loan sanction, Low price due to middlemen and Repayment pressure respectively.

## CONCLUSION

The study of 300 women in Morigaon confirms SHG-based microfinance has created significant socio-economic transformation. Economically, average income rose 71.9%, savings habit improved 172%, and bank linkage expanded 347%. Microcredit enabled diversification into handloom, fishery, and piggery, reducing dependence on male income and moneylenders. Asset creation provides resilience against poverty. Socially, SHGs functioned as schools of democracy. Regular meetings enhanced confidence, mobility, and awareness. The 195% rise in financial decision-making and 264% rise in Gram Sabha participation reflect real empowerment. Women moved from isolation to collective agency. However, impact is constrained by structural and environmental factors. Poor market linkage, skill gaps, and annual floods limit sustainability. Many SHGs remain subsistence-level due to distress sale during floods and lack of branding. Thus, microfinance is necessary but not sufficient. In Morigaon, SHGs have ensured financial inclusion and initiated empowerment. For sustainable development, a “credit-plus-disaster-resilience” model is needed - integrating insurance, flood-proof livelihoods, and e-marketing.

## RECOMMENDATIONS

**1. Flood-Resilient Livelihoods:** Promote raised-platform piggery, cage fishery, and mushroom cultivation. ASRLM to tie up with KVK for training.



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2. **Market Linkage:** Set up “Morigaon SHG Haat” at district HQ. Onboard SHGs on ONDC, Amazon Saheli. Conduct buyer-seller meets Pre-Magh Bihu.
3. **Credit & Insurance:** Banks to ensure 15-day loan disbursal. Mandatory crop/livestock insurance with premium subsidy for SHGs.
4. **Skill & Design:** Quarterly EDP by IIE Guwahati. NIFT design clinics for handloom SHGs to improve marketability.
5. **Digital SHG:** Train one “Digital Sakhi” per SHG for UPI, e-Shakti bookkeeping. Reduces cash risk during floods.
6. **Cluster Approach:** Form fishery and handloom clusters in Mayong and Bhurbandha for bulk input purchase and collective sale.

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