



Cover Page



ROLE OF SELF-HELP GROUPS ON WOMEN EMPOWERMENT IN INDIA WITH SPECIAL REFERENCE TO ‘DEENDAYAL ANTYODAYA YOJANA-NATIONAL RURAL LIVELIHOODS MISSION’

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Abstract:

Achieving balanced and inclusive economic growth is one of the key challenges faced by policymakers in countries around the globe. Relatively advantaged people always have easy access to the gains of economic growth and find it easier to participate in the growth process, while poor people have to wait much longer to reap the benefits. Bringing unprivileged sections of society to the mainstream economy is essential to achieve equitable growth, which is critical for the long-term sustainability of social development and economic prosperity. Self-help groups (SHGs) play a vital role in financial inclusion and mainstreaming rural households. In India, SHGs are working as a weapon in empowering poor women in achieving financial independence, social dignity and decision-making power. SHGs enable women to access microcredit, skill development, improves their livelihood, starting their own business and contribute to their family’s wellbeing. The present study is purely based on secondary data and descriptive in nature. This paper tries to analyze how microfinance initiatives particularly through self-help groups, contributed towards women’s economic empowerment in Indian context.

Key Words: Self-Help Group, Microfinance, Woman’s Economic Empowerment

1. INTRODUCTION

In the past, Indian credit market was dominated by private moneylenders. The source of credit for the poor were Zamindars (landlords), large farmers, merchants, and middlemen. Interest rates on such loans were very high. The compounding effect of principal and interest made it impossible for the borrower to repay. It would sometimes take a generation to repay the loans and many poor people would often lose their land and assets kept as mortgage and eventually become slaves of the moneylender. After independence, some of the major challenges before our nation was eradicating poverty, increasing agricultural output and employment generation. These objectives could not be achieved without the support of a well-regulated financial system. For this, Reserve Bank of India was nationalized in 1969 and other private banks were nationalized subsequently. Network for rural banks was established. In 1982, National Bank for Agriculture and Rural Development (NABARD) was established as an apex agency for rural finance. However, it did not serve the purpose properly. RBI was taking various other measures for financial inclusion, i.e., Business Correspondent (BC), Bank Sakhi (BS) initiative of NABARD, Pradhan Mantri Jan-Dhan Yojana (PMJDY), and MUDRA Yojana of the Government of India, etc., Despite all these, financial inclusion is still a challenging target to achieve.

Self Help Groups (SHGs) are mostly informal groups which follow the framed rules to satisfy common perceived need and aims towards collective activity. These groups are known by different names in different places like sangha, mondal, dangham, samiti etc. The basic principle of the SHGs are group approach, mutual trust, organization of small and manageable groups, group cohesiveness, spirit of thrift, demand-based lending, collateral freeness, women friendly loan, peer group pressure in repayment, skill development, training, capacity building and empowerment. The rules and regulations of SHGs vary according to the preferences of the members and promoters. It is a small autonomous, non-political group of people living in the vicinity/neighborhood and sharing common concerns, who come together voluntarily to work jointly for their personal, social and economic development. SHGs are group of 10-20 members who voluntarily associate themselves for common concerns mainly to eliminate poverty. All the members agree for common savings, generate a common fund and utilize the same for their needs through a management.



Cover Page



2. REVIEW OF LITERATURES

Regarding self-help group and microfinance on woman empowerment in India, a lot of literatures are available. Academicians, analysts and other stakeholder analyzed this in different aspects. Few of them are discussed below; -

Ganapathy, S., and Maylisamy, C., (2013) the study revealed that the SHGs had greater impact on both economic and social aspects of the beneficiaries. From the assessment of various criteria of empowerment (power, autonomy and self-reliance, entitlement, participation and awareness and capacity-building), the study suggests that if women participating in the microcredit program through SHGs sustain for some longer period, such program might contribute to higher level of “women’s empowerment” than others types of control group.

Kaur, P., and Kaur, R., (2015) shows the involvement of women in SHGs and their increase in number from earlier years but yet there is need to encourage the rural women so that they come forward to join the hands as it is not the duty of only government but at certain level everybody has to take initiatives. The paper also highlighted the various facts and figures regarding growth of SHGs which still considered as less as compared to the population of the country.

Patil, S, Munshi. M. M., (2020) put forward how micro finance has received extensive recognition as a strategy for economic empowerment of women. This paper seeks to examine the impact of micro finance with respect to poverty alleviation and socio-economic empowerment of rural women. An effort is also made to suggest the ways to increase women empowerment.

Noone. S and Venkataiah, P., (2025) examined that microfinance has a significant positive influence on women’s empowerment. It is more pronounced on the socio-economic variable of empowerment. The beneficial impact has been observed in economic variables such as income, savings, employment days, household consumables, assets and household expenditures. By understanding the factors that influence their investment decisions, such as financial literacy, risk tolerance, and time constraints, the study suggest to support their financial goals with the help of right resources, education, and support.

Saurabh. G., and Behera. K. D., (2025) tries to analyze how microfinance initiatives, particularly through their self-help groups, especially like “JEEVIKA” in Bihar, contributed towards women’s economic empowerment and led towards sustainable development i.e., gender equality. The paper uses a qualitative research design method that has been employed for the study, primarily based on the analysis of secondary data to evaluate the role of microfinance through “JEEVIKA” in promoting gender equality, leading to sustainable development in Bihar,

Raj, L, S., and Rao, B., P., (2025) highlights the important role of self-help groups in the form of grassroots institutions that carry forward the empowerment of women in economic, social and political dimensions. In their paper, they underline the importance of using valid, principle-informed indices to catch diverse empowerment aspects and detect areas where SHGs are less effective. In addition, it foregrounds that male domestic members are not rejected by empowering women through SHGs and can also positively affect men’s engagement, especially in credit-related decisions.

Bardhan, K., A., and Karan, R., (2025) describes the activities carried out by SHGs, how they help financial inclusion, and role of Promoting Institutions in promoting women entrepreneurship. Through the interviews with members of SHGs and Promoting Institutions the study presented a scenario of the SHG program at the Bargarh District of Odisha and the Midnapur District of West Bengal.

Mallick, R., (2025) overviewed the present status of microfinance and SHGs in Tripura and highlighted the complete picture of micro finance and self-help group for employment of women and status in Tripura. Finally, some suggestions offered in the study regarding further prospect of micro finance and self-help groups for the employment of women in Tripura.



Cover Page



Dari, K., (2025) aims to establish the differences and similarities in performance and effectiveness of the SHGs in the two districts of West Bengal where the problems of rural development and women’s empowerment are similar even though culturally and geographically the two districts are very different. The study reveals important trends that may be useful for managers and practitioners to help all consumers and boost business in new and more efficient ways of marketing communication within a constantly competitive type of future market environment.

3. OBJECTIVES OF THE STUDY

The present study has been undertaken to meet the following specific objectives; -

- (i) To study the concept of self-help group and micro finance in India;
- (ii) To examine how self-help group and micro financé enhance the woman empowerment in India.
- (iii) To analyze the barriers and challenges faced in woman empowerment in India.

4. DATABASE AND RESEARCH METHODOLOGY

The study is purely based on secondary data and descriptive in nature. In the course of analyzing the problems, a number of text and references, books, various reports and research articles, government publications and other published documents and websites relating to the study have been considered.

5. CONCEPT OF EMPOWERMENT AND WOMAN EMPOWERMENT

Empowering means enabling people especially women to acquire and possess power resources in order to make decisions on their own or oppose decisions that are made by others which affect them. Participation and control over resources are considered as the critical indicators in the process of empowerment. Disadvantaged women especially in rural areas possess least proportions of resources and as a result they are powerless and dependent on the powerful. Microfinance through women Self-Help Groups is a significant medium of poverty reduction and empowerment of women.

Empowerment of women is necessary for sustainable development. Empowerment increases the capacity of women to develop self-reliance in order to identify their problems. It emphasizes team spirit and collective action. Group or communities act together in order to gain access to policies and decision-making arenas where their quality of life is determined.

6. SELF-HELP GOURP AND WOMAN EMPOWERMENT

The Self-Help Groups program emerged in the early 1990s with the Reserve Bank of India guidelines encouraging the nationalized commercial banks to lend to informal SHG. It has since been actively promoted by the National Bank for Agriculture and Rural Development (NABARD). SHGs fall under the category of village banking, which includes 10 to 20 (primarily female) members. SHG is a voluntary association of the poor who come together to improve their socio-economic conditions. In the initial months, the group members save and lend amongst themselves thus building group discipline. Once the group demonstrates stability and financial discipline for six months, it receives loans up to four times the amount it has saved. The bank then disburses the loan and the group decides how to manage the loan. As savings increase through the group’s life, the group accesses a greater amount of loans. The SHG program links with the poor though Self-Help Group Promoting Institutions (SHPIs), which primarily include NGOs, but also banks officials. The typical program features of small loan size, regular meetings, frequent repayment instalments and savings supplemented by training from SHGs. Empowerment is a process that gives a person freedom in decision making. The SHGs may be formed either by male members or by female members or both. The main functions of SHGs can be summarized as follows: -



- The amount may be small, but savings have to be a regular and continuous habit with all the members.
- The savings to be used as loans to members. The purpose, amount, rate of interest, etc. to be decided by the group itself. Enabling SHGs members to attain loans from banks and repaying the same.
- Every meeting, the group will be discussed and try to find solutions to the problem faced by the members of the group.
- Another model has been also launched by NABARD. It facilitates formation of SHG for bank linkage in areas without NGOs; instead, they use the services of committed individuals' volunteers identified by banks branches.

Among various Governmental Initiatives, Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM), implemented by the Ministry of Rural Development, Govt. of India, is one them. The predecessors of this scheme were Swarnajayanti Gram Swarozgar Yojana (SGSY), launched in 1999 and Aajeevika- National Rural Livelihoods Mission (NRLM) launched in 2011. National Rural Livelihood Mission (NRLM) is a restructured version of Swarnajayanti Gram Swarozgar Yojana (SGSY). NRLM was renamed as DAY-NRLM w.e.f. March 29, 2016 to honor Pandit Deendayal Upadhyay's philosophy of Antyodaya ie., uplifting the poorest of the poor. The mission's core objective is to reduce poverty by enabling poor households, particularly women, to access financial services, diversify their livelihoods, and improve their quality of life. Financially, the mission empowers women by fostering community institutions that provide crucial financial, technical, and marketing resources. The mission functions on the reduction of poverty by enabling poor households to access gainful self-employment and skilled wage employment opportunities resulting in sustainable and diversified livelihood options for the poor. A significant landmark milestone has been achieved under the DAY-NRLM by disbursing over Rs.11 lakh crores in credit to women Self-Help Groups through formal financial institutions. In terms of livelihood, DAY-NRLM supports both farm and non-farm activities. It empowers women farmers, known as 'Mahila Kisans', by promoting agro-ecological practices. Krishi Sakhi is a Community Agriculture Service Provider (CASP) who ensures last-mile support in rural areas where farm-based services are scarce or costly. Bank Sakhi is a trained Self-Help Group member stationed at a bank branch to support SHGs with financial services. Pashu Sakhi is a community animal-care service provider (CASP) who ensures last-mile livestock services in rural areas where veterinary care is scarce or costly. Table below shows some notable achievements of this mission; -

Table-1: Cumulative Progress of DAY-NRLM

SL.No	Indicator	Cumulative progress as on June'2025
1	No. of Blocks Covered	7,145
2	No. of SHGs promoted (in lakh)	90.90
3	No. of Households mobilized (in crore)	10.05
4	Capitalization Support provided to SHGs (in crore)	58,714.44
5	Amt. of Bank credit accessed by SHGs (in crore)	10,89,463.33
6	No. of Mahila Kisans covered under Agro-Ecological Practices (AEP) interventions (in crore)	4.62
7	No. of Lakhpati Didis (in crores)	1.48

Source: Department of Rural Development

DAY-NRLM has mobilized 10.05 crore in rural women households and promoted more than 90.90 lakh SHGs across 28 States & 6 Union Territories.

7. SELF-HELP GROUP- BANK LINKAGE PROGRAM

The micro finance scene in India is dominated by SHG- Bank Linkage program. The primary aim of the SHG- Bank linkage program is to integrate informal savings and credit groups with mainstream banking system by providing credit facility to groups to enhance their fund base. In this direction, the financial services of banks started routing through SHGs.



Cover Page



2 2 7 7 - 7 8 8 1



Thus, a link was established between informal groups (SHGs) and formal financial institutions (banks) for catering the financial needs of the poor. This network helped the banking sector to extend their outreach to the poorest of the poor. In India this is the bank-led microfinance channel which was initiated by NABARD in 1992. The linkage program focuses on developing credit delivery services for the poor; building a mutual trust and the confidence between bankers and the poor; encouraging banking activity both on thrift as well as credit and sustaining a simple and formal mechanism of banking with the poor. The Reserve Bank of India provides polity support to SHG- Bank linkage that allows banks to open savings accounts, relax interest rates, margin security etc. necessary for SHGs. SHG-Bank linkage program becomes the largest and fastest growing finance program in India.

SHG- Bank linkage resulted in inculcating the habit of savings supplemented by borrowing to meet the needs of members. SHGs are developed into micro credit network for promoting the socio-economic betterment of women. Community based participatory approach and sustainability of SHGs resulted in making SHGs as financial intermediaries to reach the poor. SHG qualify under bank linkage program, it should satisfy certain characteristics such as,

- Group should have been in active existence for minimum of six months,
- Group should have successfully undertaken savings and credit operations from its own resources,
- Evidence of democratic set up in the group where members have a say in all matters,
- The group should be maintaining proper accounts/records,
- The banker should be convinced that the group has not come into existence only for the sake of participation in the project and availing benefits,
- There should be genuine need to help each other and work together among the members.

8. MICRO FINANCE AND WOMAN EMPOWERMENT

Microfinance has been influential tool in promoting women’s empowerment, especially rural or underserved areas. By providing access to financial resources, microfinance helps women to become financially independent, improve their livelihoods, and enhance their socio-economic status. Microfinance enables women to become entrepreneurs, creating opportunities for self-employment. Whether through small business, agricultural activities, or craft production, these enterprises provide a steady income improving their standard of living. Access to financial resources allows women to become more active participants in household decision-making, whether it involves financial planning, education, or healthcare. With the increased income, women can invest in the education of their children, particularly daughters, leading to better long term socio-economic outcomes for the next generation. Microfinance often operates through groups, such as SHGs, where women come together to save, lend, and support to each other. By helping women to generate their own income, microfinance reduces poverty, particularly among women who are traditionally excluded from the formal economy.

As per Table-1, we see various achievements in DAY-NRLM relating to women empowerment like, 4.62 crore SHG members engaged as Mahila Kisans. 90.90 lakh no. of SHGs are promoted and 1.48 crore lakhpoti Didis are created etc.,

9. BARRIERS AND CHALLENGES FOR WOMAN EMPOWERMENT

Even if impoverished people have gained social power, the economic progress has been enough to significantly improve the quality of their lives. SHGs continue to operate mostly in the primary sector, employing primitive skills. Due to low worker value contributed and subsistence salaries, it is not uncommon for such activities to result to no gains in the income of group members. Due to lack of resources and skilled mentors, it is challenging for rural communities to learn new skills or upgrade their current ones. Another flaw in self-help groups is improper financial appropriation and unproper accounting procedures. The SHGs heavily rely on sponsored organizations and governmental entities to accomplish their objectives. The dissolution of such organizations can occasionally be brought about by the government authorities ceasing to offer support. Self-Help Group Promoting Institutions receive some incentives from the government for promoting SHGs and their bank linkage. Once the SHGs were created, they did not have much incentives for regular follow-up of the activities of existing SHGs. Although, sometimes livelihood training programs were conducted for existing SHGs, most of the SHGs



Cover Page



2 2 7 7 - 7 8 8 1



are restricted to monthly meetings, collection of savings and loan installments, if any. They lack internal motivation for any venture unless there is an incentive, such as subsidy or soft interest rate, etc. There is a lack of interest among group members in new ventures, and this becomes more critical in urban areas. Although SHG comprises 10-20 members, authority remains with only two to three members, who are the leaders of the group. Apart from them other members hardly know anything about the internal affairs of the group. Only a few members in an SHG are active and run the group with monopoly power; others remain dormant members. There is a lack of leadership quality among the members of the SHG. One of the vital reasons for this is the literacy level of the group members. This situation exists in most of the rural SHGs as compared to the urban SHGs. The major challenges SHGs face are procurement of raw materials and the marketing of the final product. However, at the initial stage of group formation, some market linkage is provided, but with time that support weakens. SHG struggles to sell their products. It requires a well-integrated ecosystem for the promotion of SHG. Some of the notable hindrance for women empowerment are point out below; -

- 1) Lack of knowledge of the market and potential profitability, thus making the choice of business difficult and inadequate book-keeping.
- 2) Employment of too many relatives which increases social pressure to share benefits.
- 3) Setting prices arbitrarily, lack of capital and high interest rates.
- 4) Inventory and inflation accounting is never undertaken.
- 5) Credit policies that can gradually ruin their business.

10. CONCLUSION

The reduction of rural poverty and SHGs has a direct causal relationship. Self-help groups provide women the courage to take part in family and communal decision-making as well as economic emancipation. Through various SHGs projects, the underutilized and underused resources of the community can be affectively mobilized. Successful members and directors can be a resource for a variety of programs that support local community development. SHG members who actively participate in various activities can complete their leadership abilities. SHG acts as an agent for implementing the welfare projects of the government. In India, microfinance has become a vital instrument for economic growth and poverty reduction, especially in rural areas where access to regular banking services is restricted. In this respect, Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM), a flagship poverty alleviation program being implemented by the Ministry of Rural Development, Govt. of India, is a notable one.

However, the main issue of inactive SHG remains a matter of concern. Many people join SHGs only to get the benefits given by the government in the form of a subsidy. Infrastructure is the biggest challenge to the proper functioning of self-help groups. There must be a permanent, proper building for the functioning of self-help groups. Government must focus on building proper infrastructure for self-help groups. There is a need for a sustainable business model and a better supply chain model for proper functioning of SHGs. A well-integrated SHG promotion ecosystem is essential for the holistic development and sustainable growth of rural women entrepreneurs.

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Cover Page



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