

The Impact of Self-Help Groups on Economic Progress and Social Empowerment of Rural Women in India

Mr. SHIVARAJA

Reg:2022WPCM003

Research Scholar & Assistant Professor,
Dept. of Commerce and Management, GFGC, Doddaballapur.

Dr. H H RAMESHA

Associate Professor, Department of MBA,
Visvesvaraya Technological University Belagavi,
CPGS, Muddenahalli, Chikkaballapur Karnataka India-562101.

Abstract

Self-Help Groups (SHGs) have emerged as one of the most significant grassroots development strategies in rural India, contributing substantially to women's economic independence, social participation, and empowerment. Initially introduced as microfinance mechanisms, SHGs have evolved into multidimensional institutions promoting livelihood development, financial inclusion, leadership, and community transformation. This research article examines the economic and social transformation generated by SHGs and evaluates their role as catalysts for women's empowerment in rural India. Using secondary data and existing empirical studies, the paper analyzes the impact of SHGs on income generation, decision-making power, social awareness, and gender equality. The findings indicate that SHGs enhance financial access, promote entrepreneurship, strengthen social capital, and improve women's participation in governance and household decisions. However, challenges such as uneven outcomes, institutional weaknesses, and socio-cultural barriers remain. The study concludes that SHGs represent a sustainable pathway toward inclusive rural development when supported by effective policy frameworks and capacity-building initiatives.

Keywords: Self-Help Groups, Women Empowerment, Rural Development, Financial Inclusion, Social Transformation, India

1. Introduction

Women's Self-Help Groups (SHGs) represent one of the most significant institutional developments in rural India, bringing together millions of economically disadvantaged women into small collectives centered on savings and credit activities. These groups meet periodically, mobilize financial resources collectively, and establish connections with formal banking institutions. Originally introduced through the Self-Help Group-Bank Linkage Programme as an efficient mechanism for delivering microfinance services, SHGs have gradually become an integral component of India's rural development framework. They are widely acknowledged for improving financial accessibility, stabilizing household consumption patterns, and contributing to poverty reduction among marginalized communities. Recent empirical studies indicate that participation in SHGs not only enhances savings behavior and credit utilization but also strengthens women's perceptions of empowerment and advances progress toward gender development objectives. Over time, SHGs have emerged as a vital strategy for extending microcredit facilities to economically vulnerable rural women, enabling them to actively participate in entrepreneurial and income-generating activities. Globally, women experience poverty disproportionately and frequently face limited access to essential services such as healthcare, education, sanitation, and clean water. In addition, women's labor often remains undervalued or unpaid, reinforcing economic disparities. Many women also encounter various forms of social and domestic violence, which further intensify their vulnerability within society. These realities underline the urgent need to address gender inequalities and ensure equal access to resources, opportunities, and protection (Chant, 2014).

Although women account for nearly half of India's population, rural women have historically experienced economic dependence, social exclusion, and restricted involvement in decision-making processes. Structural barriers such as poverty, inadequate education, limited mobility, and deeply rooted patriarchal norms have constrained their opportunities for advancement. In response to these challenges, Self-Help Groups developed as community-based organizations promoting collective action, mutual support, and financial cooperation among rural women. Typically composed of 10–20 members, SHGs encourage regular savings contributions, collective access to credit, and participation in livelihood activities. Over the years, they have evolved into one of the largest grassroots movements supporting women's development in India. Research demonstrates that SHGs function beyond financial intermediation; they also serve as platforms for social mobilization, leadership development, skill enhancement, and empowerment. As their scope expanded, SHGs transitioned from narrowly focused financial groups into multifunctional institutions facilitating a broad range of development interventions. With the growth of initiatives such as the National Rural Livelihoods Mission (NRLM) and various state livelihood programs, SHGs and their federations have been entrusted with implementing livelihood promotion initiatives, health and nutrition awareness programs, social protection schemes, and local governance activities at the village level (Venkatesh, 2009; Varalakshmi & Yoganandham, n.d.). Impact assessments reveal that SHG participation can increase women's engagement in non-farm employment, household decision-making, and civic participation, even when immediate income gains remain moderate. This highlights their importance as institutions of collective action rather than merely credit delivery mechanisms.

Scholars increasingly describe SHGs as "development intermediaries" that connect disadvantaged women to wider welfare and development programs. However, their performance varies considerably depending on program design, facilitation quality, and socio-political contexts (Rehman, 2024; Devi, 2012; Pandhare et al., 2024). Evidence suggests that SHGs have enhanced women's economic independence, strengthened capacity building, fostered confidence in independent decision-making, expanded employment opportunities, increased income generation, reduced gender disparities, and improved women's overall social status. Nevertheless, like any development intervention, SHGs also face limitations (Santhosh Kumar & Aithal, 2024; Beevi & Devi, 2011). Critics point to persistent inequalities, limited institutional funding, inadequate credit access for the poorest women, relatively high interest rates, and instances of loan misuse among beneficiaries (Siwach et al., 2023). The discussion surrounding SHGs is closely linked with evolving theoretical perspectives on women's empowerment within development research. Drawing from Kabeer's framework, empowerment is understood as a process through which women expand their ability to make meaningful life choices by accessing resources, exercising agency, and achieving valued outcomes in contexts where such choices were previously restricted. Empirical studies commonly assess empowerment across multiple dimensions: economic (control over income, savings, and assets), social and political (mobility, organizational participation, and civic engagement), and psychological (self-confidence and aspirations). This multidimensional approach emphasizes that while financial inclusion may facilitate empowerment, it does not automatically guarantee it (Mathur & Agarwal, 2017; Kapoor & Saikia, 2025; Brody et al., 2015; Rampalli, 2024).

Research evidence from India highlights both the potential and limitations of SHG-based development strategies. Experimental and quasi-experimental evaluations conducted in states such as Andhra Pradesh demonstrate that innovative SHG models can expand access to formal credit, reduce dependence on informal moneylenders, and improve food security and selected empowerment indicators, even when increases in assets or income remain modest. Studies on the SHG-Bank Linkage Programme report reductions in poverty and improvements in women's participation in household financial decisions, though outcomes differ significantly across regions and socio-economic groups. Micro-level analyses further reveal that economic factors—particularly control over loans and earnings—play an important role in empowerment, yet their impact is strongly shaped by social norms, group dynamics, and local power structures. Emerging research also

indicates that while SHGs contribute to achieving Sustainable Development Goals related to gender equality, benefits tend to be lower among less educated women and historically marginalized communities.

Despite extensive research, several gaps remain. First, existing studies often examine SHGs separately through microfinance, livelihood, or governance perspectives, with limited integration of how economic and social transformations interact over time. Second, relatively few analyses conceptualize SHGs as spaces where individual, collective, and institutional dimensions of empowerment intersect or explore how national initiatives such as NRLM influence these processes at scale. Third, although scholars increasingly recognize variations in outcomes based on caste, class, and geographic location, comprehensive rural India-focused analyses addressing these intersectional patterns and their policy implications remain limited. Against this background, the present article pursues two primary objectives. Conceptually, it situates women's SHGs within contemporary debates on economic and social transformation, viewing them as platforms where financial inclusion, livelihood diversification, social capital formation, and collective agency develop simultaneously. Empirically, the study synthesizes recent peer-reviewed research to examine how SHGs influence women's economic security, intra-household bargaining power, social and political participation, and subjective well-being in rural contexts. By doing so, the article identifies the conditions under which SHGs act as catalysts for women's empowerment and community transformation while highlighting key challenges and future research priorities for strengthening their long-term developmental impact.

2. Objectives of the Study

1. To understand the concept and functioning of Self-Help Groups in rural India.
2. To analyze the economic impact of SHGs on rural women.
3. To examine social transformation and empowerment outcomes.
4. To identify challenges faced by SHGs.
5. To suggest policy measures for strengthening SHG effectiveness.

This research article is based on secondary data analysis drawn from academic journals, policy reports, and empirical research studies on SHGs and women's empowerment in India. Relevant literature was reviewed to synthesize evidence on economic, social, and institutional outcomes associated with SHG participation.

2. Conceptual and Policy Context

2.1 Multi-Dimensional Women's Empowerment and SHG Pathways

Conceptually, the role of self-help groups in rural India is best understood within broader debates on women's empowerment and collective action. Kabeer's framework defines empowerment as a process through which women expand their ability to make strategic life choices by mobilizing resources, exercising agency and realizing achievements in domains where their choices were previously constrained (Kabeer, 1999). Building on this, empirical studies of SHGs in India typically treat empowerment as a multidimensional construct, encompassing economic (control over income, savings and assets), social and political (mobility, community participation, civic voice) and psychological (self-confidence and aspirations) dimensions rather than a single outcome. Swain and Wallentin (2012), for instance, use a structural equation model to show that economic factors, autonomy and social attitudes all contribute significantly to empowerment among SHG members. In a cross-country perspective, Laha and Kuri (2014) demonstrate that microfinance outreach to women is associated with higher empowerment only where supportive institutional and policy environments exist, underscoring that financial access alone is insufficient to transform gender relations. Recent work deepens this perspective by explicitly linking SHGs to collective agency. Kumar et al. (2021) use an empowerment index rooted in the project-level Women's Empowerment in Agriculture Index to show that SHG participation in India improves women's decision-making authority, control over income and leadership in community groups, particularly where groups are linked to livelihoods and rights-based interventions. Nichols (2021) conceptualizes SHGs as platforms that generate bonding and bridging social capital, through which women collectively negotiate with state actors, financial institutions and markets; her qualitative analysis highlights both empowering effects and the potential reproduction of local hierarchies when leadership and network benefits are unevenly distributed. Complementing these insights, a recent systematic review on SHGs and social capital identifies how group-based networks create trust, reciprocity and collective efficacy that can mediate a wide range of development outcomes (Natung et al., 2025). Together, these strands of literature frame SHGs not merely as conduits for credit but as institutional spaces where individual and collective dimensions of empowerment intersect.

2.2 Policy Evolution and the Institutional Architecture of SHGs in India

The conceptualization of SHGs as empowerment platforms is closely tied to their evolution within India's policy landscape. The Self Help Group-Bank Linkage Programme, initiated by NABARD in the early 1990s, formalized linkages between informal women's savings groups and the banking system, aiming to expand low-cost credit and mobilize collective savings at scale. Sinha et al. (2012) show that participation in this programme is associated with reductions in poverty and improvements in empowerment indicators, especially among members of women's SHGs, although impacts vary across regions. Deininger and Liu (2013) further document that an innovative SHG model in Andhra Pradesh, which coupled microcredit with explicit targeting and facilitation for the poorest, led to significant increases in credit use, asset accumulation and selected empowerment measures.

The launch of the National Rural Livelihoods Mission (NRLM) in 2011 signalled a major shift toward treating SHGs as foundational "universal platforms" for rural development. Under NRLM, women's SHGs and their federations serve as institutional anchors for a wide array of interventions, including livelihood promotion, skills training, social protection convergence and governance reforms. Desai and Joshi (2014) show that SHG-based collective action can enhance community development outcomes and public goods provision when federations are inclusive and supported by effective facilitation. Hoffmann et al. (2021) provide experimental evidence from a government-led SHG lending programme in rural India, finding large increases in SHG membership and borrowing from SHGs, coupled with reduced reliance on informal credit and lower interest rates, pointing to substantial transformations in local credit markets. In parallel, Gugerty et al. (2019) synthesize evidence from South Asia and Africa and characterize SHGs as development intermediaries that can deliver health, finance agriculture and empowerment interventions, while emphasizing that effects are heterogeneous and strongly shaped by programme design and local social structures.

Within this evolving architecture, SHGs in rural India have gradually moved from being viewed primarily as microfinance tools to being recognized as institutional platforms for women-led development. The conceptual and policy literature thus converges on a vision of SHGs as spaces where economic inclusion, social capital formation and collective agency are co-produced, but also cautions that these outcomes depend on inclusive governance, sustained public investment and sensitivity to local power relations.

3. Economic Transformation Through SHGs

3.1 Income, Savings and Access to credit : A core rationale for promoting women's self-help groups in rural India is their potential to transform local financial landscapes by expanding access to affordable credit and institutional savings. Rigorous impact evaluations show that SHG participation increases women's use of formal or semi-formal credit, reduces reliance on high-cost moneylenders and, in many

cases, supports modest but meaningful gains in consumption and asset ownership. Deininger and Liu (2013) find that an innovative SHG model in Andhra Pradesh led to higher credit uptake, increased livestock and durable assets, and improvements in food security, with the largest effects among poorer households. At the national level, Sinha et al. (2012) report that households linked to NABARD's Self Help Group-Bank Linkage Programme experience significant reductions in poverty, with particularly pronounced effects where women participate in SHGs and where the programme is more mature and better integrated with banking institutions. Experimental evidence reinforces these patterns and clarifies the mechanisms involved. Hoffmann et al. (2021) evaluate a government-led SHG lending programme in Bihar and show that programme rollout substantially increases SHG membership and borrowing from SHGs, while simultaneously reducing borrowing from informal sources and lowering interest rates charged by moneylenders.

Although short-term effects on household income and consumption are modest, the study highlights how SHGs can shift the terms of credit in local markets, generating dynamic gains in economic security over time. Sahu (2015) similarly finds that SHG-led microfinance in rural India enhances women's control over savings and borrowing decisions and is associated with higher levels of economic and political empowerment, even though only a minority of participants can be classified as "empowered" on a composite index.

3.2 Entrepreneurship, Livelihoods and Labour Participation: Beyond basic financial inclusion, SHGs are often positioned as incubators for women's entrepreneurship and livelihood diversification in rural India. Where microcredit is combined with business training, market support and collective enterprises, SHG-linked entrepreneurship has been shown to increase women's incomes and strengthen their bargaining power. Senapati and Ojha (2019) analyse SHG-based micro-entrepreneurship in Odisha and report that women entrepreneurs linked to SHGs experience higher income, greater savings, enhanced decision-making authority and improved social recognition compared with non-entrepreneur members, while also identifying constraints such as limited market access and socio-cultural barriers.

In rural Maharashtra, Pandhare et al. (2024) demonstrate that microfinance-backed enterprises run through SHGs improve women's economic independence, self-confidence and community standing, suggesting that entrepreneurship within SHG platforms can promote both economic and psychosocial dimensions of empowerment. Evidence from other Indian contexts emphasises the potential of microfinance-backed entrepreneurship to deliver more holistic empowerment outcomes. Khan and Bhat (2022) examine women entrepreneurs supported by microfinance in the Kashmir Valley and find that, relative to non-entrepreneur SHG members, entrepreneurs score significantly higher on economic, social, political and psychological empowerment indicators, indicating that enterprise development can deepen the transformative effects of financial inclusion. At the same time, these studies underscore that entrepreneurship-led transformation is not automatic: scale-up is often constrained by inadequate infrastructure, weak market linkages and persistent gender norms around mobility and time use. The benefits of SHG-based enterprises thus depend critically on complementary investments in skills, infrastructure and value-chain integration, and on policy efforts to address the gendered distribution of unpaid care work that shapes women's ability to engage in market activities.

3.3 Financial Resilience, Risk Management and Structural Constraints : A further contribution of SHGs to economic transformation lies in their role as informal insurance mechanisms and buffers against shocks. Regular savings and access to emergency loans at lower interest rates enable members to cope with health crises, crop failures and other contingencies without resorting to distress sales of assets or usurious debt. Deininger and Liu (2013) report that SHG households are better able to meet unexpected expenses and invest in human capital, such as children's education, than comparable non-participant households, suggesting that SHG membership enhances inter-temporal smoothing and resilience. Hoffmann et al. (2021) show that by displacing informal lenders and compressing interest rates, SHG lending can reduce the risk of chronic indebtedness and debt bondage, although the magnitude of this effect depends on sustained programme quality and the availability of productive investment opportunities.

At the same time, the literature warns that SHG-based finance can generate new vulnerabilities if not carefully regulated. Sahu (2015) documents cases where multiple borrowing, peer pressure and aggressive repayment schedules contribute to stress and, in some instances, over-indebtedness among women participants. Cross-country analysis by Laha and Kuri (2014) suggests that microfinance programmes are most likely to enhance women's economic opportunities and empowerment where broader financial infrastructure is strong and gender-sensitive policies are in place, reinforcing the view that SHGs alone cannot compensate for weak structural conditions. Taken together, these findings indicate that SHGs can significantly improve financial resilience and catalyse economic transformation in rural India, but that outcomes are highly contingent on programme design, institutional support and the wider opportunity structure within which women and their groups operate.

4. Social and Gender Transformations

4.1 Intra-Household Bargaining, Mobility and Gender Roles : Beyond their financial functions, self-help groups in rural India have been repeatedly shown to reshape intra-household power relations, though in uneven ways. Early work by Swain and Wallentin (2012) developed a structural empowerment index for SHG members and found that participation in SHG programmes significantly increased women's decision-making power in areas such as household expenditures, children's education and personal mobility, with economic factors, autonomy and social attitudes all contributing to empowerment. Deininger and Liu (2013) similarly reported that an innovative SHG model in Andhra Pradesh produced gains in women's participation in household decisions and improvements in the allocation of resources toward food and nutrition, even where impacts on income and asset accumulation were modest. These findings underscore that SHG participation can influence bargaining processes inside the household independently of large income effects.

More recent studies have used multidimensional indices to capture these shifts. Kumar et al. (2021), drawing on the project-level Women's Empowerment in Agriculture Index, show that SHG participation across several Indian states is associated with higher levels of women's agency in agricultural decision-making, greater control over income and stronger leadership roles in community groups, with effects particularly pronounced when groups are linked to livelihood and rights-based interventions.

Khan et al. (2023) examine SHG-based microfinance in the Kashmir Valley and find significant improvements in economic, social, political and psychological empowerment among participating women, including increased say in household decisions and greater confidence to negotiate within the family. Evidence from a national sample suggests that SHG membership also correlates with higher self-perceived empowerment and progress toward the Sustainable Development Goal on gender equality, although benefits are consistently lower for women with limited education or from historically disadvantaged social groups (Ghosh et al., 2024). Taken together, these studies indicate that SHGs can open spaces for women to assert voice and agency in everyday household decisions, while also highlighting persistent intersectional inequalities.

4.2 Social Capital, Collective Agency and Political Participation; SHGs are also important social institutions that generate bonding and bridging social capital, which can translate into new forms of collective agency and political engagement. Nichols (2021) conceptualizes SHGs as platforms that forge dense interpersonal networks among members and link them to state actors and markets; her qualitative work in North India shows that SHG-based social capital can help women negotiate with officials, access public services and coordinate collective action, but can also reproduce caste and class hierarchies when leadership and external linkages are captured by local elites.

Kumar et al. (2021) similarly find that SHG participation enhances women's membership and leadership in community groups, suggesting that the "power of the collective" extends beyond economic activities into broader community governance.

The experience of Kerala's Kudumbashree programme illustrates the depth of such transformations when SHG federations are nurtured over time. Rajagopal (2020) reports that women members of neighborhood groups under Kudumbashree experience not only economic gains but also greater social recognition, solidarity and engagement in local governance structures, including neighbourhood committees and panchayat-level forums. Complementary evidence from a management study on Kudumbashree indicates that participation in SHG-based entrepreneurship fosters a sense of collective identity and public visibility for women, reinforcing their perception of themselves as economic actors and community leaders (Kumar & J., 2016). At a broader scale, Ghosh et al. (2024) show that SHG members report higher levels of community participation, perceived respect and political engagement, suggesting that SHGs contribute to the construction of new gendered citizenship roles in rural India. Synthesising evidence from South Asia and Africa, Gugerty et al. (2019) describe SHGs as "development intermediaries" that can effectively deliver interventions in health, agriculture and governance, while also building women's collective capabilities to engage public institutions.

Their review, however, cautions that the extent to which SHGs translate social capital into transformative collective action depends strongly on programme design, facilitation quality and the broader political opportunity structure. In the Indian context, this implies that SHG federations that are inclusive, democratically governed and linked to responsive local governments are more likely to foster meaningful shifts in gendered power relations than those that remain narrowly focused on financial transactions.

4.3 Health, Nutrition and Psychosocial Well-Being : A newer wave of interventions leverages SHGs as platforms for improving health and nutrition, with important implications for women's social roles and psychosocial well-being. Kumar et al. (2024) evaluate an integrated agriculture–nutrition programme delivered through women's SHGs in five Indian states and find that nutrition behaviour change communication and community engagement, when layered onto existing SHG structures, improve dietary diversity, maternal and child nutrition outcomes and women's knowledge of nutrition pathways. Qualitative evidence from the same study indicates that women increasingly see themselves as "knowledge holders" and community resource persons on health and nutrition, which enhances their self-confidence and standing within families and villages. Deininger and Liu (2013) note similar patterns in Andhra Pradesh, where SHG participation was associated with better nutritional intake for households and increased attention to children's schooling, signalling a broader orientation toward human development within SHG households.

Such findings reinforce the idea that SHGs can function as versatile platforms that integrate economic, social and health-related interventions, thereby amplifying their impact on women's lives. Yet they also highlight important risks: as more tasks are layered onto SHGs, women leaders may face increased unpaid workloads and emotional stress, especially when support and remuneration are inadequate (Gugerty et al., 2019; Nichols, 2021). Across these diverse domains, the evidence suggests that SHGs in rural India are reshaping gender norms, expanding women's social networks and enhancing their visibility in public spaces, while simultaneously navigating the constraints imposed by entrenched patriarchal structures and socio-economic inequalities.

5. Heterogeneity, Challenges and Unintended Consequences

5.1 Heterogeneous Impacts and Intersectional Exclusions : Despite the optimistic discourse around SHGs, the evidence shows that their economic and social impacts are highly heterogeneous across regions, social groups and programme designs. Large-scale evaluations of the SHG–Bank Linkage Programme and state-led SHG initiatives report substantial gains in consumption, asset accumulation and women's participation in local institutions, but these gains are unevenly distributed and often strongest for households that were relatively better-off at baseline (Deininger & Liu, 2013; Sinha et al., 2012). Studies in Andhra Pradesh, Odisha and other states suggest that women from landless, Scheduled Caste or Muslim households, and those with lower literacy, are less likely to join groups, contribute savings regularly, or access higher loan sizes, even when SHGs formally target the poorest (Deininger & Liu, 2013; Swain & Wallentin, 2012). Recent district-level analyses from West Bengal and multi-state studies on SDG 5 similarly show that empowerment gains in mobility, decision-making and leadership are more pronounced among relatively educated women and in areas with stronger local institutions, while women at the intersections of caste, poverty and patriarchal norms experience more modest and fragile improvements (Basak & Roy Chowdhury, 2024; Ghosh et al., 2024).

An intersectional lens helps to make sense of this patterned heterogeneity. Qualitative work in Gujarat applying intersectionality to SHG microfinance demonstrates that Scheduled Caste, tribal and minority women face distinct forms of oppression—ranging from caste-based violence to communal marginalisation—and therefore engage with credit, markets and collective spaces in very different ways from more privileged women (Karan et al., 2021). Group norms and leadership structures may reproduce local hierarchies, allowing relatively powerful women to steer loan use, agenda-setting and links to officials in their favour, while poorer or stigmatised members remain silent or exit. Even where average indicators of "empowerment" improve, such internal differentiation implies that SHG interventions can widen gaps between better positioned and more marginalised rural women unless design explicitly recognises and counters these exclusions (Basak & Roy Chowdhury, 2024; Ghosh et al., 2024; Karan et al., 2021).

5.2 Financial Vulnerability, over-Indebtedness and Group Sustainability : Another cluster of challenges concerns the financial dynamics and institutional sustainability of SHGs. While SHG membership is associated with increased savings and access to formal credit, multiple studies caution that access does not automatically translate into secure, low-stress livelihoods. Evidence from rural India shows that many SHG members continue to rely on informal moneylenders for emergencies, bridging consumption and dowry-related expenses, often at high interest rates, even after several years in groups (Das & Guha, 2019; Sahu, 2015). The expansion of subsidised bank credit, linkage to microfinance institutions and the proliferation of overlapping SHG networks can lead to multiple borrowing, short loan cycles and a high repayment burden that is managed through social pressure and the threat of social sanctions, rather than stable income growth (Das & Guha, 2019; Sahu, 2015). At the institutional level, the rapid scaling of SHG–bank linkage has been accompanied by rising non-performing loans (NPLs) in several regions. A recent econometric analysis of SHG–Bank Linkage Programme data shows that group size, length of association, portfolio quality and local banking practices all shape NPLs, with weaker groups and poorer regions more exposed to default risk (Srikanth et al., 2022). Where federations and NGOs are under pressure to meet disbursement and repayment targets, there is a tendency to prioritise "mature" groups and more solvent borrowers, while excluding the poorest or pushing groups toward low-risk, low-return activities. Systematic reviews of SHG and savings-group interventions across South Asia and Africa confirm that, although average welfare impacts are modestly positive, the effect sizes are moderate, the evidence base is uneven, and the poorest women may not be reached or may bear disproportionate risks when programmes emphasise credit expansion without adequate livelihood support (Brody et al., 2015, 2017; Gugerty et al., 2019).

5.3 Markets, Work Burdens and Normative Constraints: Even when credit and savings functions operate effectively, SHGs often confront serious market and labour challenges. Empirical work on SHG-based enterprises in India documents that groups are concentrated in low-entry-barrier, low-margin activities such as tailoring, food processing or petty trade, with limited access to higher-value value chains,

business development services or digital platforms (Chakraborty et al., 2022; Pandhare et al., 2024). Weak market linkages, information asymmetries and dependence on a narrow set of buyers reduce profitability and make women's microenterprises vulnerable to shocks in demand and input prices (Chakraborty et al., 2022). This structural vulnerability became visible during the COVID-19 pandemic and subsequent economic slowdown, when many groups reported sharp drops in sales, difficulties in sourcing inputs and increased competition in local markets, eroding income gains that had been painstakingly built up over years (Chakraborty et al., 2022; Gugerty et al., 2019). Moreover, combining group activities with unpaid domestic and care work can deepen women's time poverty. Surveys and qualitative interviews in Maharashtra and other states show that participation in SHG-based enterprises frequently lengthens women's working days, as income-generation is layered onto existing responsibilities for childcare, elder care and subsistence agriculture, with only partial redistribution of labour within households (Basak & Roy Chowdhury, 2024; Pandhare et al., 2024). While some husbands and family members provide support, in many cases, women continue to shoulder the "double burden," with implications for health and well-being. Systematic reviews find that, although SHG programmes often improve economic and social indicators, effects on psychological empowerment and freedom from gender-based violence are more mixed, and in some contexts increased income can trigger male resentment or tighter surveillance of women's mobility and social networks (Brody et al., 2015, 2017; Karan et al., 2021). These findings caution against equating participation and earnings with deeper structural shifts in gender power relations.

5.4 SHGs as Development Platforms: Overload and Mission Drift: The growing use of SHGs as multi-purpose platforms for delivering health, nutrition, climate adaptation and governance interventions creates further tensions. Ethnographic work from eastern India suggests that SHGs with dense social capital and a history of tangible benefits are more likely to embrace additional responsibilities, whereas younger and poorer groups struggle to absorb new activities because of time constraints, mistrust of implementing agencies and competing livelihood demands (Nichols, 2021). When a wide array of programmes—nutrition counselling, agricultural extension, insurance enrolment, digital literacy, and local infrastructure planning—are channelled through the same collectives, better-connected leaders may capture benefits such as training, paid positions and contracts, while rank-and-file members experience meeting fatigue and limited voice in agenda-setting (Nichols, 2021; Karan et al., 2021). Impact evaluations of large-scale SHG platforms show that integrated livelihoods and information interventions can produce sizeable gains in women's decision-making, agricultural practices and income, but they also underscore the importance of strong facilitation, accountable federations and adequate resourcing to prevent overburdening unpaid women leaders (Kumar et al., 2021; Gugerty et al., 2019). Without such safeguards, there is a risk of mission drift, where SHGs become primarily vehicles for implementing donor-driven projects rather than spaces for bottom-up organising around women's own priorities. The overall picture that emerges is not one of failure, but of persistent tension between expansion and equity: SHGs can catalyse empowerment and rural transformation, yet their emancipatory potential is uneven and contingent, and they can inadvertently reproduce or even intensify inequalities and vulnerabilities if design and implementation do not explicitly centre intersectional justice, financial sustainability and women's control over group agendas (Basak & Roy Chowdhury, 2024; Deininger & Liu, 2013; Karan et al., 2021; Nichols, 2021).

6. Future Directions for Policy, Practice and Research

6.1 Deepening Livelihood Integration and Market Linkages: Future policy and programme design need to move beyond a narrow focus on credit delivery toward more robust integration of SHGs with remunerative and resilient livelihoods. Evidence from India shows that SHG-linked entrepreneurship can substantially enhance women's economic independence and bargaining power when combined with skills training, value-chain support and access to new markets (Pandhare et al., 2024; Senapati & Ojha, 2019). To avoid confining women to saturated, low-margin activities, state livelihood missions and financial institutions should invest in upgrading SHG enterprises into producer collectives, facilitating participation in higher value agrifood chains, services and digital platforms (Chakraborty et al., 2022). This requires coordinated action on infrastructure, market intelligence and business development services, as well as policies that explicitly address gendered constraints on mobility and time use.

6.2 Centering Intersectional Equity and Gender-Transformative Approaches: The heterogeneity of SHG impacts underscores the need to place intersectional equity at the heart of future interventions. Studies highlight that women from Scheduled Caste, tribal, minority and very poor households often experience smaller and more fragile empowerment gains than relatively better-off members, and may face exclusion from leadership and credit access (Basak & Roy Chowdhury, 2024; Karan et al., 2021).

Programme designs should therefore include deliberate strategies for recruiting and retaining the most marginalised women, rotating leadership, and monitoring intra-group distribution of benefits. In parallel, integrating gender-transformative curricula that engage men, elders and community leaders can help ensure that economic gains translate into more durable shifts in norms and intra-household power relations (Kumar et al., 2021; Khan et al., 2023). Such approaches move beyond instrumental narratives of women as efficient borrowers toward recognising them as rights-bearing citizens and political actors.

6.3 Strengthening SHGs as Accountable Multi-Sector Platforms: Given their expanding role as platforms for nutrition, health, social protection and governance interventions, strengthening the institutional architecture of SHGs is a critical priority. Evidence from multisectoral programmes suggests that SHG-based behaviour change communication and community engagement can improve nutrition and human development outcomes while reinforcing women's confidence and social standing (Kumar et al., 2024; Deininger & Liu, 2013). However, systematic reviews warn that overloading groups with poorly coordinated tasks can generate fatigue and reinforce inequalities if better-connected leaders disproportionately capture benefits (Gugerty et al., 2019; Nichols, 2021). Future policy should therefore invest in federations with transparent governance, fair remuneration for community resource persons, and grievance and accountability mechanisms that protect rank-and-file members.

6.4 Advancing Measurement and Long-Term, Mixed-Method Research: Finally, research on SHGs in rural India would benefit from more longitudinal, mixed-method and theory-driven designs. The adoption of multidimensional indices such as the project-level Women's Empowerment in Agriculture Index has already improved the sophistication of empowerment measurement (Kumar et al., 2021). Going forward, combining panel surveys with in-depth qualitative and intersectional analyses can illuminate how empowerment trajectories evolve, how gains are maintained or eroded across shocks, and which combinations of financial, livelihood and social interventions yield the most inclusive outcomes (Brody et al., 2017; Kabeer, 1999). Attention to psychological well-being, time poverty and exposure to violence is especially important to capture both the positive and the potentially adverse consequences of SHG participation. Strengthening such evidence will help align India's large-scale SHG architecture with a more nuanced, justice-oriented vision of women-led rural transformation.

7. Conclusions

Women's self-help groups have become a defining feature of the rural development landscape in India, bringing large numbers of low-income women into regular, organised collective action around savings, credit, livelihoods and social issues. The evidence reviewed in this article indicates that SHG participation is consistently associated with improvements in women's access to financial services,

reduced dependence on informal moneylenders and, in many contexts, greater engagement in income-generating activities and micro-entrepreneurship. These economic gains, even when modest in absolute terms, matter because they expand women's financial security, create buffers against shocks and provide an entry point into wider processes of social and political change.

At the same time, SHGs function as dense social spaces where women build networks, practise leadership and negotiate norms, contributing to shifts in household decision-making, mobility, community participation and aspirations. When supported by inclusive federated structures and enabling public policies, SHGs can evolve into institutional platforms for delivering health, nutrition and social protection interventions, thereby linking women's economic roles with broader human development outcomes. However, the review also highlights important caveats: benefits are uneven across caste, class, religious and regional lines; not all women gain voice within groups; and increased economic activity can coexist with persistent or even intensified burdens of unpaid care and community work.

Overall, the Indian experience suggests that SHGs are neither a panacea nor a marginal add-on, but a powerful, conditional lever for women's empowerment and rural transformation. They are most transformative where they are inclusive of the most marginalised women, embedded in supportive livelihood and market ecosystems, and accompanied by deliberate efforts to challenge restrictive gender norms and ensure accountable governance. Future policy and research should therefore treat SHGs not simply as instruments for expanding credit, but as evolving institutions whose design, resourcing and regulation will shape the contours of women-led development in rural India for years to come.

8. Limitations

This review has several limitations that need to be acknowledged when interpreting its findings and implications. First, it is based primarily on published, peer-reviewed journal articles and therefore excludes a large body of evidence contained in government reports, project documents and civil society evaluations. These grey-literature sources often provide rich implementation details and field insights that could nuance or challenge the patterns highlighted here, especially in under-researched regions and among the most marginalised groups of rural women.

Second, the review draws mainly on studies published in English and indexed in major academic databases. This language and database bias may underrepresent important work produced in Indian languages or in regional outlets that are less visible internationally, potentially skewing the evidence base toward particular states, programmes or disciplinary perspectives. Third, the article does not follow a fully formalised systematic review protocol, and therefore cannot claim exhaustive coverage of all eligible studies or provide quantitative estimates of overall effect sizes. Publication bias, especially a tendency to report statistically significant or "success story" findings, remains a concern.

Fourth, there is substantial heterogeneity in how women's empowerment is conceptualized and measured across the studies reviewed. Differences in indicators, survey instruments and analytical strategies make it difficult to compare results directly or to aggregate them into a single, coherent estimate of impact. Important dimensions such as psychological well-being, time poverty, experience of violence and intergenerational change are still unevenly captured. Finally, the cross-sectional or short-term nature of much of the available evidence limits the ability to assess how empowerment trajectories evolve over time or how durable the observed gains are in the face of economic, political or climatic shocks. These limitations point to the need for more rigorous, inclusive and longitudinal research on self-help groups and women's empowerment in rural India.

REFERENCES

1. Beevi, S., & Devi, V. G. (2011). The role of self-help groups in empowering rural women in India. *International Journal of Interdisciplinary Social Sciences*, 5(9).
2. Brody, C., De Hoop, T., Vojtkova, M., Warnock, R., Dunbar, M., Murthy, P., & Dworkin, S. L. (2015). Economic self-help group programmes for improving women's empowerment: A systematic review. *Campbell Systematic Reviews*, 11(1), 1–182. <https://doi.org/10.4073/CSR.2015.19>
3. Chakraborty, A., Kumar, N., Kaur, G., Kathuria, G., & Chakraborty, D. (2022). Vulnerability of self-help groups in marketing their products: Identification of key factors for enhanced market reach and profitability. *Indian Journal of Agricultural Economics*, 77(1), 179–193. <https://doi.org/10.63040/25827510.2022.01.010>
4. Chant, S. (2014). Exploring the feminisation of poverty in relation to women's work and home-based enterprise in slums of the Global South. *International Journal of Gender and Entrepreneurship*, 6(3), 296–316. Das, T., & Guha, P. (2019). Measuring women's self-help group sustainability: A study of rural Assam. *International Journal of Rural Management*, 15(1), 116–136.
5. Deininger, K., & Liu, Y. (2013). Economic and social impacts of an innovative self-help group model in India. *World Development*, 43, 149–163.
6. Desai, R. M., & Joshi, S. (2014). Collective action and community development: Evidence from self-help groups in rural India. *The World Bank Economic Review*, 28(3), 492–524.
7. Ghosh, S., Mahapatra, M. S., Tandon, N., & Tandon, D. (2024). Achieving sustainable development goal of women empowerment: A study among self-help groups in India. *FIIB Business Review*, 13(4), 477–491. Hoffmann, V., Rao, V., Surendra, V., & Datta, U. (2021). Relief from usury: Impact of a self-help group lending program in rural India. *Journal of Development Economics*, 148, 102567. Kabeer, N. (1999). Resources, agency, achievements: Reflections on the measurement of women's empowerment. *Development and Change*, 30(3), 435–464. <https://doi.org/10.1111/1467-7660.00125>
8. Kumar, N., Raghunathan, K., Arrieta, A., Jilani, A., & Pandey, S. (2021). The power of the collective empowers women: Evidence from self-help groups in India. *World Development*, 146, 105579. Mathur, P., & Agarwal, P. (2017). Self-help groups: A seed for intrinsic empowerment of Indian rural women. *Equality, Diversity and Inclusion: An International Journal*, 36(2), 182–196.
9. Sahu, G. B. (2015). How effective is a self-help group-led microfinance programme in empowering women? Evidence from rural India. *Journal of Asian and African Studies*, 50(5), 542–558. Sinha, A., Parida, P. C., & Baurah, P. (2012). The impact of NABARD's self-help group-bank linkage programme on poverty and empowerment in India. *Contemporary South Asia*, 20(4), 487–510. <https://doi.org/10.1080/09584935.2012.737306>
10. Swain, R. B., & Wallentin, F. Y. (2012). Factors empowering women in Indian self-help group programs. *International Review of Applied Economics*, 26(4), 425–444.