



ROLE OF SELF-HELP GROUPS (SHGs) IN WOMEN EMPOWERMENT

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Abstract

Women empowerment is a crucial component of social and economic development. In many developing countries, women face challenges such as poverty, unemployment, limited access to education, financial dependence, and social discrimination. Self-Help Groups (SHGs) have emerged as an effective mechanism for empowering women by promoting savings, credit access, entrepreneurship, leadership, and social participation. SHGs are small, voluntary associations of individuals, usually women from similar socio-economic backgrounds, who come together to address common problems through collective action. These groups enable women to improve their economic status, enhance decision-making power, develop leadership skills, and participate actively in community development. The SHG movement has significantly contributed to poverty alleviation, financial inclusion, and gender equality, particularly in rural areas. This paper examines the role of SHGs in women empowerment, highlighting their contributions to economic, social, political, and psychological empowerment, as well as the challenges they face in achieving sustainable development.

Keywords: Self-Help Groups, Women Empowerment, Financial Inclusion, Rural Development, Entrepreneurship, Gender Equality.

Introduction

Women constitute nearly half of the world's population and play a vital role in social and economic development. However, gender inequality remains a major challenge in many societies. Women often face discrimination in education, employment, property ownership, political participation, and access to financial resources. Empowering women is essential for achieving inclusive and sustainable development. Self-Help Groups (SHGs) have become one of the most



effective tools for women empowerment, especially in rural and economically disadvantaged communities. An SHG is a small group of individuals, generally consisting of 10–20 members, who voluntarily come together to save money, access credit, and undertake income-generating activities. SHGs promote self-reliance, collective decision-making, and mutual support among members. In India, the SHG movement gained momentum through initiatives supported by organizations such as National Bank for Agriculture and Rural Development and various government programs. SHGs have transformed the lives of millions of women by providing opportunities for economic independence, social recognition, and active participation in community development.

Objectives of the Study

The study aims to:

1. To understand the concept and functioning of Self-Help Groups.
2. To examine the role of SHGs in women's economic empowerment.
3. To analyze the contribution of SHGs to social and political empowerment.
4. To assess the impact of SHGs on women's decision-making and leadership skills.
5. To identify the challenges faced by SHGs in promoting women empowerment.
6. To suggest measures for strengthening the effectiveness of SHGs.

Concept of Self-Help Groups (SHGs)

A Self-Help Group is a voluntary association of people who share common socio-economic backgrounds and come together to solve their problems through collective effort. SHGs are based on the principles of self-help, mutual trust, cooperation, and democratic participation. A Self-Help Group (SHG) is a small, voluntary association of individuals, usually consisting of 10–20 members from similar socio-economic backgrounds, who come together to address common problems through mutual support, collective savings, and shared responsibility. SHGs are primarily formed to improve the economic and social conditions of their members, especially women in rural and disadvantaged communities. The basic principle of an SHG is "self-



help through mutual help." Members regularly save small amounts of money, which are pooled into a common fund. This fund is used to provide loans to members for meeting personal, social, or business needs. Over time, SHGs develop financial discipline, encourage entrepreneurship, and promote self-reliance among members. In India, the SHG movement gained prominence through the initiatives of the National Bank for Agriculture and Rural Development (NABARD) and various government programs aimed at poverty alleviation and women's empowerment. SHGs serve as an effective mechanism for financial inclusion by linking poor households with formal banking institutions.

The primary objectives of SHGs include:

- Encouraging regular savings.
- Providing access to credit.
- Promoting entrepreneurship.
- Enhancing social awareness.
- Improving the economic condition of members.
- Strengthening community participation.

SHGs function through regular meetings, savings contributions, internal lending, and collective decision-making processes.

Role of SHGs in Women Empowerment

1. Economic Empowerment

Economic empowerment is one of the most significant contributions of SHGs. Many women lack access to formal banking services due to the absence of collateral and financial literacy. SHGs provide:

- Small loans to members.
- Access to bank-linked credit.
- Financial support for income-generating activities.

This enables women to start small businesses and become financially independent.

Income Generation

SHGs encourage women to engage in various entrepreneurial activities such as:

- Handicrafts
- Weaving
- Dairy farming
- Poultry farming



- Food processing
- Tailoring

These activities increase household income and improve living standards.

Financial Inclusion

SHGs connect women with formal financial institutions, promoting:

- Savings habits
- Banking access
- Credit utilization
- Financial literacy

This strengthens women's economic security and independence.

Social Empowerment

SHGs help women overcome social barriers and improve their status in society.

Participation in SHGs enhances women's confidence by allowing them to:

- Express their views.
- Participate in group discussions.
- Take collective decisions.
- Manage financial resources.

Improved Social Status

Economic independence and active participation in community activities improve women's social recognition and respect.

Awareness Generation

SHGs organize awareness programs on:

- Health and sanitation
- Education
- Women's rights
- Child welfare
- Gender equality

These programs contribute to social development and empowerment.

3. Political Empowerment

SHGs encourage women to participate in local governance and political activities.

Leadership Development

Women gain leadership experience through:

- Managing group activities.
- Organizing meetings.
- Coordinating community programs.



These skills prepare them for leadership roles in society.

Participation in Decision-Making

SHG members become more involved in:

- Household decisions.
- Community development initiatives.
- Local governance institutions.

Their participation strengthens democratic processes and inclusive development.

Political Awareness

SHGs provide information about:

- Government schemes
- Legal rights
- Voting rights
- Civic responsibilities

This increases women's political consciousness and participation.

4. Psychological Empowerment

Psychological empowerment refers to the development of self-esteem, confidence, and independence.

Enhanced Self-Esteem

Women develop a positive self-image through:

- Economic contributions to the family.
- Participation in community activities.
- Successful entrepreneurship.

Reduced Dependence

Financial independence reduces women's dependence on family members and enhances personal autonomy.

Collective Support

SHGs provide emotional and social support, helping women address personal and community challenges collectively.

5. Educational Empowerment

SHGs contribute to educational development by:

- Promoting literacy programs.
- Encouraging children's education.
- Supporting adult education initiatives.
- Providing information and learning opportunities.

Education improves women's ability to participate effectively in economic and social activities.



6. Health and Welfare Improvement

Many SHGs actively promote health awareness and welfare programs.

Health Education

SHGs conduct awareness campaigns on:

- Maternal health
- Nutrition
- Family planning
- Immunization
- Hygiene and sanitation

Access to Welfare Schemes

SHGs help women access various government welfare programs related to health, housing, education, and livelihood.

Impact of SHGs on Community Development

SHGs contribute not only to individual empowerment but also to broader community development. Income-generating activities and access to credit help reduce poverty among rural households. Entrepreneurial activities create employment opportunities for women and community members. SHGs promote cooperation, mutual support, and collective action within communities. By improving education, health, income, and gender equality, SHGs contribute to sustainable development goals. Community development refers to the process of improving the quality of life of people through collective efforts and active participation. Self-Help Groups (SHGs) have become an important instrument for achieving community development goals. The SHG movement gained momentum in India through the SHG-Bank Linkage Programme launched by the National Bank for Agriculture and Rural Development (NABARD) in 1992. Typically consisting of 10–20 members from similar socio-economic backgrounds, SHGs encourage savings, credit access, and mutual support. Over the years, SHGs have evolved from financial groups into community institutions addressing social, economic, educational, and health-related issues. Women constitute the majority of SHG members in India. SHGs have significantly enhanced women's social, economic, and political status. Women gain



access to credit, develop entrepreneurial skills, and contribute to family income.

Participation in SHGs improves:

- Self-confidence
- Leadership skills
- Decision-making ability
- Social mobility

Women become more active in community affairs and household decisions.

Challenges Faced by SHGs

Despite their achievements, SHGs face several challenges:

- Limited access to large-scale credit.
- Inadequate financial resources.
- Insufficient entrepreneurial and management skills.
- Limited access to modern technologies.
- Difficulty in marketing products.
- Lack of market information and branding.
- Leadership conflicts.
- Irregular meetings and poor record keeping.
- Dependence on government agencies and NGOs for support and guidance.
- Insufficient entrepreneurial and managerial skills.
- Limited technical knowledge. Difficulty in accessing markets.
- Lack of branding and promotional support.

Suggestions for Strengthening SHGs

To enhance the effectiveness of Self-Help Groups (SHGs) and strengthen their contribution to women's empowerment and community development, the following measures are recommended:

1. Provide Regular Skill Development and Entrepreneurship Training

Continuous training programs should be organized to improve members' vocational, managerial, and entrepreneurial skills. Such training enables women to start and manage income-generating activities more effectively and increases their confidence in running enterprises.



2. Strengthen Financial Support through Banks and Microfinance Institutions

Easy access to credit and financial services is essential for the growth of SHGs. Banks and microfinance institutions should provide timely loans, lower interest rates, and simplified procedures to support SHG members in expanding their economic activities.

3. Improve Marketing Facilities for SHG Products

Many SHGs face difficulties in selling their products due to limited market access. Government agencies, NGOs, and private organizations should help establish marketing networks, organize exhibitions and fairs, and provide branding and packaging support to enhance product visibility and sales.

4. Promote Digital Literacy and Financial Literacy

Training in digital technologies and financial management can help SHG members utilize online banking services, digital payment systems, and e-commerce platforms. Financial literacy programs also improve savings habits, budgeting skills, and responsible credit utilization.

5. Encourage Networking among SHGs

Collaboration and networking among SHGs can facilitate the exchange of ideas, experiences, and best practices. Federations and cluster-level associations can strengthen collective bargaining power and provide a platform for addressing common challenges.

6. Increase Government Support and Monitoring

Government agencies should continue providing policy support, financial assistance, and technical guidance to SHGs. Regular monitoring and evaluation can ensure transparency, accountability, and effective implementation of SHG programs.

7. Enhance Leadership and Capacity-Building Programs

Leadership development initiatives can help women acquire decision-making, communication, and organizational skills. Strong leadership within SHGs contributes to better group management and long-term sustainability.

8. Facilitate Access to Technology and Online Markets

Providing access to modern technology, digital tools, and online marketplaces can expand business opportunities for SHG members. E-commerce platforms enable women entrepreneurs to reach wider markets and increase their income potential.



To enhance the role of SHGs in women empowerment, the following measures are recommended:

1. Provide regular skill development and entrepreneurship training.
2. Strengthen financial support through banks and microfinance institutions.
3. Improve marketing facilities for SHG products.
4. Promote digital literacy and financial literacy.
5. Encourage networking among SHGs.
6. Increase government support and monitoring.
7. Enhance leadership and capacity-building programs.
8. Facilitate access to technology and online markets.

Conclusion

Self-Help Groups have emerged as powerful instruments for women empowerment and rural development. By promoting savings, credit access, entrepreneurship, leadership, and social awareness, SHGs enable women to become economically independent and socially empowered. They enhance women's participation in decision-making, strengthen their confidence, and improve their overall quality of life. Furthermore, SHGs contribute to poverty reduction, community development, and gender equality. Despite challenges such as financial constraints, lack of training, and social barriers, SHGs continue to play a transformative role in empowering women. Strengthening SHGs through policy support, capacity building, and technological integration can further enhance their contribution to sustainable and inclusive development. Self-Help Groups (SHGs) have emerged as a powerful tool for community development, particularly in rural and economically disadvantaged areas. An SHG is a small voluntary association of individuals, usually women, who come together to save regularly, access credit, and undertake collective economic and social activities. SHGs promote financial inclusion, social empowerment, poverty reduction, and sustainable development by encouraging self-reliance and collective action. Through microfinance, skill development, entrepreneurship, and social awareness programs, SHGs contribute significantly to improving the socio-economic conditions of communities. In India, SHGs have played a vital role in empowering women, enhancing household income, improving education and health outcomes, and



strengthening local governance. This article examines the impact of SHGs on community development, highlighting their contributions, challenges, and future prospects.

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