

Self-Help Groups: Rural Economic Development and the Role of Women

¹Tanisha Jain, ²Dr. Tara Trivedi

¹Research Scholar, Oriental University, Indore

²Assistant Professor, Faculty of Management, Commerce & Media Studies, Oriental University, Indore

DOI: <https://doie.org/10.10399/APER.2026547329>

Abstract

Progress of the rural population is essential to the development of any state. The development of rural areas is influenced by education, entrepreneurship, physical infrastructures and social structure. The idea of rural development is of utmost importance in a developing country such as India where the majority of people lives in the rural areas. True development can only come about through the proper development of rural areas. The rural development includes physical, technological, socio-economic and economic factors. This process is intended to enhance the social, cultural, political, environmental and economic lives of the poor people residing in rural areas. The availability of physical resources is not the only factor that determines development rather, the capabilities and skills of men and women also play a role. Microfinance-based promotion of Self-Help Groups (SHGs) has had beneficial impacts on women. Access to credit has been found to be an important factor in reducing vulnerability of poor women, giving them control over assets, increasing self-esteem and increasing knowledge.

Keywords: *Rural Economic Development, Self-Help Groups, Role of Women, Microfinance, Women Empowerment*

1. Introduction

Women's empowerment is a multi-faceted process that allows women, or a group of women, to understand their complete identity and power in all walks of life. It covers more access to knowledge and resources, more autonomy in decisions making and more independence in planning one's life and more control of circumstances that influence one's life. This allows women to be free of the 'shocks' that can happen to them because of tradition, beliefs and customs.

In most societies, women have been given a lesser importance than men. They were denied education, and no rights in property, government, or administration. Women's empowerment comes from the women themselves, when they organize to become self-reliant and empower themselves. They can select their preferences in life and try to secure resources and control over them.

Empowerment is a process which enables people to gain some control of their lives, increase awareness, take action, and engage in better control. It's a sensation that enlivens psychological energy and encourages people to accomplish their objectives. Empowerment has now become a

way of achieving a situation where people who are powerless have more control over their own lives. This implies a control of material resources, intellectual resources, and ideology.

Empowerment of women has to do with the power dynamics that exist at different levels of their lives: family, community, market and state. Women's empowerment was the focal point of the 1994 United Nations (UN) Cairo Conference on Population and Development. UNDP has created a Gender Empowerment Measure (GEM) which is based on three indicators related to women's representation in society, namely political power, education, and health. In 1995, UNDP published a report on women's empowerment, and stated that without gender equality, human development is a threat to women.

2. Women's Empowerment and Rural Economic Development

The empowerment of women is a result of various feminist movements, criticisms and debates that were raised in the developing societies. Feminists say that empowerment should be one of the basic life goals of those who suffer from gender inequality and oppression. Economic resources, social status, power and opportunities for self-realization are lacking in the case of women.

Empowerment is very important in fulfilling the needs of women economically, but also to take a comprehensive approach to social and economic development. It involves women in family, community and local democratic decision making and helps them become leaders.

Kabir (2014) examined three aspects of women empowerment—resources, agency and achievements. There is a widespread belief in the development discourse that women's increasing involvement in formal savings and credit activities or economic achievements will benefit women and will be a tool for poverty alleviation. Moreover, it is thought that economic development will enhance women's roles in the family and community and boost their involvement in decision-making processes.

Based on available data, women make up 48.46% of the country's total population and about 66% of the total farm labour force. Approximately 48% of the self-employed farmers are women. However, they have been shamed, subjected to oppression and exploitation because of the patriarchal norms. Women are behind men in many social indicators, including health, education and economic opportunities. For this reason, attention should be given to women as it will take into account their vulnerability and constraint in accessing resources.

In addition to recognising women's potential, through collective action SHGs provide elements of leadership, mitigate risks and external threats and help women overcome the oppression of patriarchy. Women's unity is accepted as a universal development principle that says that when women unite they become strong, knowledgeable and aware.

3. Literature Review

Mana, H. In 1976, economist Professor Muhammad Yunus started a program called "Grameen Model" (2021). He extended small loans to women who make baskets in a poor village in

Bangladesh. This loan enabled them to survive and gave them confidence and enterprising spirit. In 1978, he established Grameen Bank. This model is regarded as one of the most successful in the field of microfinance today. Grameen Phone has started loaning in Bangladesh without any collateral or documentation. NABARD started the initiative of Self-Help Groups in India in the year 1986-87, but from 1991-92, the efforts were intensified to link the Self-Help Groups with banks. SHG is a small, economically similar and self organised group in which the rural poor have a regular opportunity to save small sums and to place this in a common pool. The purpose of this fund is to offer loans without collateral under rules of the group.

Kshama, T. SHG's have proved to be a significant tool for empowering women in India (2023). These groups offer microcredit to entrepreneurial activities. Income generation and entrepreneurship development provide women with opportunities to become economically independent. SHGs have made women financially self-reliant, and their social identity and family status have also been enhanced. An SHG is a group of 10-20 rural poor who save small amounts of money collectively in a common fund, which can be accessed for emergencies and to borrow money. The monthly meetings cover loan repayments, disbursement and other social issues.

Chaudhary, S. India has taken a modified version of the Bangladesh model, highlighted (2024). Microfinance, which is a potent instrument for poverty alleviation and women empowerment, helped establish SHGs and credit management groups, and thus spread the SHG movement throughout the country. NABARD has established a fund of Rs. Rs. 1500 crores to women SHGs in economically weak areas. When women join to the SHGs they get economic and social empowerment. They are able to effectively recycle the resources generated to meet their productive and emergency loan requirements.

4. Importance of Self-Help Groups in Rural Economic Development

SHGs empower the poor by engaging the community. Group meetings and collaborative decision making allow group members to recognize and rank their needs and resources. This process eventually helps the rural poor to gain social and economic empowerment and to enhance their collective bargaining power.

The goal of SHGs in India is to give women social empowerment. The year 1991-92 was a significant year in the SHG movement as NABARD took up the initiative to promote SHGs on a large scale. The Reserve Bank of India had allowed SHGs to open savings accounts in banks in 1993.

SHGs are today playing an important role in poverty alleviation in the rural India. There are many poor people (mainly women) from various areas of India who are the members of SHGs and are involved in various activities like savings, credit, income generation, natural resource management, literacy, child care and nutrition. One of the salient features shared by these groups is their emphasis on saving and credit, which can be used to gain some control over capital.

There are three aspects to rural women's empowerment: poverty alleviation, employment creation and elimination of inequality. There are at present about 560 banks and over 3,024

NGOs actively involved in the promotion of the SHG Movement. The SHG bank linked program is proving to be an effective and economically viable tool to reach "underdeveloped poor."

The National Rural Livelihood Mission (NRLM) under Ministry of Rural Development (MoRD), Government of India is significant in transforming the socio-economic scenario of rural areas. The purpose of NRLM-SHGs is to make the poor family members more autonomous and enable them to earn income in an increase manner, through providing them access to gainful self-employment and skilled wage employment opportunities.

5. SHG Strategy: Socio-Economic Landscape

In most cases, an SHG consists of 10-20 people. The following are key components of an effective SHG strategy:

Standing up, belonging and deciding at the same time. Group membership that is voluntary and self-chosen.

Encouragement of equal membership of a group (typically achieved by the group choosing its own membership)

Especially for women's specific membership

Norms of savings and internal lending as determined by the group.

Borrowed funds used to finance the business. Money borrowed from personal funds.

Developing social capital (trains, bookkeeping etc.)

- Establishment of 'higher order' federal structures
- Banking linkage and implementation of mission mode programs

Although the economic spaces of SHGs has expanded for members, the participation of the poorest members of the groups has been found to be low and that of the non-poor is high. Banking linkage has helped women start economic activities. Most of the women are involved in strengthening or expanding traditional activities, and very few women have taken up new businesses. Less reliance on agriculture has enhanced the quality of family income, and higher income has been spent on child nutrition and family health care.

The SHG model helps in solving socio-economic issues like inequalities, high unemployment and regional disparities. But such groups have been found to have short-term effects on poverty and social transformation. The institutional platform created by the SHGs gives the poor a space, resources and voice for social and economic empowerment.

6. Rationale of the Study

In India, different standards are used to measure women empowerment, but the key to achieving economic gain, empowerment and rural development is through self-employment through SHGs. The rural women living below poverty line are not able to solve their problems individually, but can solve the problems collectively by getting empowerment. Currently, SHGs are an instrument of transformation and a vehicle that brings women into entrepreneurship and transform their lives, especially in the poor and marginalized group.

The overall goal of this research study is to support women's economic independence, augment women's bargaining power in society as well as empower them socially and economically which will ultimately strengthen the society and economy. There is also no-one-size-fits-all or blueprint on how service might be delivered in all countries. Thus, service delivery models have been tailored around the world based on the conditions and needs of each country. The actual potential of SHGs is yet to be explored by many members, which in turn makes a member uncertain about improvement in his/her social and economic performance after joining an SHG. The study focussed on the effective role that SHGs can play in the socio-economic empowerment of the rural women.

7. Objectives of the study :

To analyze the structure of the selected SHGs.

To analyze the role of selected SHGs in socio-economic empowerment of rural women.

8. Data Collection

In the current study, a survey of the Self-Help Groups was conducted in different villages of the study area, data collection was done. Questionnaires, interviews and surveys were used to acquire primary data. Secondary data were collected from websites, journals, published newspaper, books, departmental and institutional report and government publications.

The present study was done in the rural area of Ratlam, comprising six rural areas namely Alot, Bajawn, Jaora, Piploda, Ratlam and Sailana. From each of the selected villages, seven women SHG members were selected and a total sample of 42 women SHG members was formed. Frequencies and percentages were used to tabulate the data.

9. Results and Discussion

The purpose of this study was to find out about the personal, socio-economic and psychological traits of the members of SHGs, such as their age, education, nature of family, caste, income level, occupation and the institutional training received. The activities of the SHG members included tailoring, processing, agricultural activities, animal husbandry, dairy farming, other businesses and as labourers.

9.1 Profile of SHG Members

S.No.	Characteristic	Dominant Category	Percentage (%)
1	Age	Middle Age (30–50 years)	67.14
2	Education	Up to Middle School	28.6

S.No.	Characteristic	Dominant Category	Percentage (%)
3	Family Type	Joint Family	73.80
4	Caste	Middle Caste	53.30
5	Annual Income	Middle Income Group (Rs. 25,219 – Rs. 57,123)	68.10
6	Occupation	Traditional Family Business	60.50
7	Institutional Training	Moderate Training Level	67.60

Table 1: Socio-economic Profile of SHG Members

The age of a person has an impact on his/her conduct and decisions. Most of the members of SHG have been in the 'active age of people' category (30-50 years) (67.14%), which shows the main working age group that are actively involved in community development.

Formal education involves learning, understanding and developing skills, which allows analysis of various life situations. The study also revealed that 28.6% of the members of a SHG had only middle school education, which indicates that continued skill development programmes are needed in the rural areas.

The structure of the family has a significant impact on women's participation. The percentage of joint families is high with approximately 73.80% of the members of SHG belonging to joint families which could be a social support or constraint. As far as the occupational pattern is concerned, 60.50% of the members were working in the traditional family businesses and majority of members (68.10%) were from the middle income category (Rs. 25,219 to Rs. 57,123). After incorporating into the SHG enterprises, the number of people who participated rose from 57,123 to 57,134, suggesting that there was a positive affect on income.

Institutional training is an important component, especially in areas of low literacy rate and high skills deficits in rural communities. Overall, 67.60% of SHG members were getting moderate training from different agencies which indicates that training outreach needs to be expanded and deepened.

10. Conclusion

The study findings establish that Government policies and family structures have an impact on the socio-economic status of the members of the SHG. SHGs have been a game-changer for the poor and marginalised population; they have involved females in entrepreneurship and their lives. The SHG model is not just a microcredit project but an empowering process. SHGs have increased the economic room of the poorest, but still they are poorly represented in such groups.

This is a positive trend in the empowerment of rural women through SHGs in poverty alleviation, employment generation and social upliftment. But many members have not yet been

able to fully harness the potential of SHGs, and continued work is needed in the form of proper guidance, institutional training and linkages with the bank to maximize the role of SHGs in rural development.

11. Limitations of the Study

- The study is limited to primary and secondary data sources.
- The study was conducted in the rural Ratlam region and is limited to SHG members from six rural areas: Alot, Bajna, Jaora, Piploda, Ratlam, and Sailana.

References

1. Mana, H. (2021). Self-Help Groups, family caregivers and mental health. *Australian and New Zealand Journal of Mental Health Nursing*, 6(4), 148-155.
2. Kshama, T. (2023). Empowering women through Self-Help Groups: Experience in practice. *Kurukshetra*, 16-19.
3. Chaudhary, S. (2024). Awareness among rural women and their development - A study. *Kurukshetra*, 43(12), 44-49.
4. Kabir, N. (2014). Women, wages and intra-household power relations in urban Bangladesh. *Development and Change*, 28(2), 261-302.
5. Chakravarti, A. (2015). Women in Indian Agriculture. *Economic and Political Weekly*, 50(12), 32-38.
6. NABARD. (2022). Annual Report on SHG-Bank Linkage Programme. National Bank for Agriculture and Rural Development, Mumbai.
7. UNDP. (1995). Human Development Report: Gender and Human Development. United Nations Development Programme, New York.