



## ROLE OF SHG'S IN INDIAN ECONOMY AND WOMEN EMPOWERMENT

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### **ABSTRACT:**

*In This research paper delves into the transformative impact of Self-Help Groups (SHGs) on both the Indian economy and women's empowerment. With a focus on grassroots initiatives, the study investigates how SHGs serve as catalysts for economic development by fostering entrepreneurship and financial inclusion among women. Examining case studies and statistical data, the research elucidates the dual role played by SHGs in breaking socio-economic barriers and empowering women to become active contributors to India's burgeoning economy. The paper also explores the ripple effect of SHG interventions, analyzing the positive implications for community development and sustainable growth. Through a comprehensive review of existing literature and empirical evidence, this research contributes to the understanding of the multifaceted contributions of SHGs in shaping a more inclusive and economically robust future for India. Basically, SHGs are in force in rural India hence, there are many problems faced by SHGs like imitated financial resources and lack of market opportunities SHGs are run by Women in India and women are neglected as they are female having limitation by gender with the help of SHGs Providing credit Facility to women enterprises. SHGs are also Facilitated to promote saving and contribute to build skills in women of India as well as boost confidence amongst women entrepreneurs.*

**Keywords:** *Self Help Group, Rural Development, Women Empowerment, Indian Economy.*

### **INTRODUCTION:**

In India, the Self-Help Groups-Bank Linkage Programme (SHG-BLP) is the biggest microcredit initiative globally. The Reserve Bank of India (RBI) and the Government of India directed NABARD to establish the ground-breaking SHG-BLP initiative in 1982. Currently, 1.19 crore SHGs operate in India, serving 14 crore families nationwide. As of March 31,

2022, the total savings with SHGs was Rs 47240.48 crore, while loans of Rs 99,729.23 crore were disbursed through SHG-BLP in India. It displays the program's coverage. Numerous organizations collaborate with NABARD in India to develop and execute the SHG-BLP. SIDBI, NGOs, Public and Private Banks, District Rural Development Agency (DRDA), Microfinance Institutions, and so on are included.

DRDA is crucial to the establishment and growth of SHGs in India. DRDA uses the Government of India's NRLM initiative to assist in the formation and administration of SHGs. The Government of India developed the novel NRLM program, and the DRDA is the government agency that works to implement the program at the district level, or the grassroots level. Self-help groups (SHGs) play a crucial role in both the Indian economy and women empowerment. In the context of the Indian economy, SHGs contribute to financial inclusion by providing access to financial services for individuals who might otherwise be excluded. They promote savings, foster entrepreneurship, and facilitate small-scale economic activities, contributing to grassroots economic development. In terms of women empowerment, SHGs are particularly impactful. They empower women by fostering a sense of community, building social capital, and enhancing their decision-making abilities. Through collective action, women in SHGs gain access to resources, skills, and knowledge, enabling them to participate more actively in economic and social spheres. This not only elevates the status of women within their communities but also contributes to the overall socio-economic development of the country.

The formation of SHGs often involves skill development programs, which equip women with the necessary

tools to engage in income-generating activities. This economic independence leads to improved household financial stability, education for children, and better healthcare. Additionally, SHGs serve as platforms for women to voice their concerns, share experiences, and collectively address social issues, thereby promoting a more inclusive and gender-equitable society. Furthermore, the success of SHGs in India has led to various government and non-governmental initiatives that further support and strengthen these groups. Financial institutions provide credit facilities to SHGs, enabling them to undertake larger entrepreneurial ventures. Government schemes like the National Rural Livelihood Mission (NRLM) have been instrumental in scaling up the impact of SHGs by providing financial assistance, capacity-building programs, and market linkages.

#### REVIEW OF IMPORTANT AND RELEVANT LITERATURE ON THE STUDY:

1. **(Kamala, 2018)** Stated in their study entitled “**Empowerment of Rural Women through Self Help Groups**”. In the study, research took place out in 77 Telangana and Andhra Pradesh states, they arrived to the conclusion that the SHGs have an important role in enhancing the status of its members since, upon joining, women were able to assist in

providing financial support to both others and their families during times of difficulty. It results in improved strengths, self-motivation, and social recognition. Women take involved in family affairs and are given the chance to demonstrate their achievements in society. SHG provides women knowledge regarding government programs, rights, and jobs. It also allows women to engage in local politics and decision-making. Thus, the SHGs promote women's economic, political, social, or emotional empowerment.

2. **(RANGANATH, 2020)** Stated in their study entitled “**Economic Empowerment of Women through Self Help Groups in India**”, In the context of women's development, empowerment is a method of defining, challenging, and overcoming barriers in a woman's life, thereby increasing her ability to shape her life and environment. It is an active, multifaceted process that should enable women to fully realize their identity and power in all aspects of life. The rural poor have demonstrated their ability to form self-help groups with the help of non-governmental organizations and various microfinance institutions. Several case studies demonstrate that credit availability has an impact on

women's empowerment. Thrift is an important indicator of a group's success because consistent growth in thrift is a clear indication of the group's members' growing confidence. The thrift collection is

3. **(Ganapathy, 2013)** Stated in their study entitled “**Empowering Women through Self-Help Groups**”. They carried out study to find out how Self-Help Groups contribute to women's empowerment. Rural women have the ability to handle small businesses. If women give businesses the right training and orientation, they can grow personally. With the aid of SHG, they can use technology and credit to establish their own market for their business. Institutions of the Panchayati Raj (PRIs) and SHGs should work jointly to assist women develop and acquire power. So, the SHG program has a greater impact on giving women more authority.
4. **(Uma., 2012)** Stated in her study entitled on “**Self-Help Group: An Effective Approach to Women Empowerment in India**”. She said that women are the ones who build nations. Any nation's growth rate is higher if its women are making economic contributions. In India, self-help groups (SHGs) serve as a mechanism for the individual and collective

development of women. Both in terms of status and condition, it empowers. The poorest of those most in need can receive a variety of services from SHG in addition to financial services. The SHG program serves as a common platform for economic growth. Thus, Self-Help Groups (SHGs) are programs designed to empower women and reduce poverty. SHG gives women economic empowerment as well as self-worth, confidence, power, and potential. SHG is an effective instrument for enhancing rural residents' quality of life.

5. **(Madheswaran, 2001)** They stated their viewpoints in their research paper entitled **"Empowering Rural Women through Self-Help Groups: Lesson from Maharashtra Rural Credit Project"**. The MRCP advantages include the development of the SHG-BLP, the provision of credit for consumption, the easy and frequent accessibility of credit due to credit rotation, and the active participation of NGOs in this program. The accessibility of cheap and frequent credit helps relieve poverty. They also suggested that the microcredit borrower deal with the issues of recovering interest rates from rates of profit from income-

generating activities and marketing the goods produced.

#### **STATEMENT OF PROBLEM:**

Though Self-Help Groups play a pivotal role in contributing to both the Indian economy and women empowerment, challenges persist in maximizing their impact. Economic hurdles, such as limited access to financial resources and market opportunities, hinder the potential economic growth these groups could achieve. Additionally, societal norms and gender biases continue to impede the full realization of women's empowerment within these groups. Overcoming these obstacles requires targeted interventions, inclusive policies, and increased awareness to foster a conducive environment for the sustainable development of self-help groups, thereby positively influencing the Indian economy and empowering women.

#### **RELEVANCE OF THE STUDY:**

Studying self-help groups in the context of the Indian economy and women empowerment is crucial. It can provide insights into how these groups contribute to economic development, financial inclusion, and empowerment of women through collective efforts, skill-building, and access to resources. Understanding their impact can inform policies and initiatives aimed at

fostering sustainable growth and gender equality.

**OBJECTIVES OF THE STUDY:**

1. To Study the impact of self-help groups on the Indian economy, with a particular focus on their role in promoting entrepreneurship and financial inclusion.
2. To examine how self-help groups contribute to women's empowerment in India by looking at things like economic independence, skill development, and social upliftment.
3. To evaluate the efficacy of government policies and support systems in promoting and sustaining self-help groups for economic growth and women's empowerment.
4. To examine the challenges that self-help groups face in achieving sustainable economic development and women's empowerment, and make suggestions for improvement.

**RESEARCH METHODOLOGY:**

- ❖ **Methodology of Research:** The current study is descriptive in nature based on a review of previous literature, with a focus on economic empowerment of women through SHGs in the Indian economy.
- ❖ **Sources of Data:** Secondary data for the study was collected from

various publications, books, and magazines; similarly, secondary data was collected from NABARD regional offices, RRB, DRDA offices, BDO's offices, NGO's offices, NABARD annual reports, Journals, magazines, and so on. The statistical information will be collected through NABARD websites, NABARD regional offices, DRDA websites, DAY-NRLM websites, and government officials' websites.

**ROLE OF SELF HELP GROUPS TOWARDS INDIAN ECONOMY AND WOMEN EMPOWERMENT:**

Self-help groups (SHGs) play a crucial role in contributing to the Indian economy and promoting women empowerment. These groups typically consist of individuals with similar socio-economic backgrounds who come together to address common issues, share knowledge, and support each other. Here's how SHGs contribute to the Indian economy and women empowerment:

**INDIAN ECONOMY:**

**1. Financial Inclusion:**

- SHGs promote financial inclusion by providing a platform for members to save money collectively and access credit facilities.
- Members can pool their resources, creating a substantial

fund that can be used for various economic activities.

**2. Entrepreneurship and Livelihoods:**

- SHGs often engage in income-generating activities such as small-scale businesses, handicrafts, agriculture, and animal husbandry.
- The economic activities initiated by SHGs contribute to local economic development and generate employment opportunities.

**3. Skill Development:**

- SHGs focus on enhancing the skills of their members through training programs. This improves their employability and ability to start and manage businesses successfully.

**4. Microfinance and Credit Access:**

- SHGs act as a channel for microfinance, enabling members to access credit for entrepreneurial ventures and other financial needs.
- Microfinance helps in poverty alleviation and promotes economic self-sufficiency among SHG members.

**5. Market Linkages:**

- SHGs facilitate market linkages, helping members connect with markets for their products and services.
- This improves the marketing efficiency of small-scale

producers and enhances their income.

**WOMEN EMPOWERMENT:**

**1. Financial Independence:**

- SHGs empower women by providing them with a platform to save money, access credit, and manage their finances.
- Economic independence boosts women's confidence and decision-making abilities.

**2. Skill Enhancement:**

- Training programs organized by SHGs focus on skill development, helping women acquire new skills or enhance existing ones.
- Improved skills increase women's participation in economic activities.

**3. Social Empowerment:**

- SHGs contribute to social empowerment by fostering a sense of community and mutual support.
- Women gain confidence through collective decision-making and addressing common issues, challenging traditional gender norms.

**4. Health and Education:**

- SHGs often address health and education issues, contributing to improved well-being for women and their families.
- Increased awareness about healthcare and education positively impacts the overall quality of life.

**5. Leadership Development:**

- Participation in SHGs provides women with opportunities to take on leadership roles, fostering leadership skills and confidence.
- Women leaders from SHGs can become influential voices in their communities.

**IMPACT OF SELF-HELP GROUPS:**

- 1. Financial Inclusion:** Self Help Groups (SHGs) play a crucial role in promoting financial inclusion by providing access to credit and financial services to individuals who might otherwise be excluded from the formal banking sector.
- 2. Empowerment of Women:** A significant number of SHGs involve women, leading to their economic empowerment. This not only improves the socio-economic status of women but also contributes to the overall development of communities.
- 3. Entrepreneurship Development:** SHGs often foster entrepreneurship by supporting members in starting small businesses. This can lead to the creation of local enterprises, contributing to economic growth and employment generation.
- 4. Rural Development:** In a predominantly agrarian economy like India, SHGs in rural areas can enhance agricultural practices,

promote sustainable farming, and improve overall rural development through community-driven initiatives.

- 5. Skill Enhancement:** SHGs provide a platform for skill development and capacity building among their members. This enhances the employability of individuals and contributes to a more skilled workforce.
- 6. Poverty Alleviation:** By providing financial assistance and promoting income-generating activities, SHGs contribute to poverty alleviation by addressing the root causes of economic vulnerability.
- 7. Microfinance Impact:** SHGs often operate in conjunction with microfinance institutions, facilitating the flow of microcredit to small-scale entrepreneurs. This can stimulate economic activities at the grassroots level.
- 8. Social Capital Formation:** The collaborative nature of SHGs fosters social capital within communities. This social cohesion can lead to better resource utilization, improved infrastructure, and overall community development.
- 9. Government Initiatives:** Many government programs leverage SHGs as a conduit to implement various socio-economic development schemes, creating a synergistic relationship between

grassroots organizations and governmental efforts.

### **10.Reduction of Income**

**Disparities:** By empowering marginalized sections of society, SHGs contribute to reducing income disparities, promoting a more equitable distribution of resources and opportunities.

Self-help groups (SHGs) play a crucial role in both the Indian economy and women empowerment. They contribute to economic development by fostering entrepreneurship, enhancing financial inclusion, and generating employment at the grassroots level. Additionally, SHGs empower women by providing a platform for skill development, decision-making, and social support. In terms of the Indian economy, SHGs contribute to poverty alleviation and rural development. By providing financial services and promoting micro-enterprises, they create a positive impact on local economies. The collective strength of SHGs enables members to access credit, leading to increased income-generating activities and improved living standards.

In the realm of women empowerment, SHGs empower women socially and economically. They encourage financial independence, enhance decision-making abilities, and promote a sense of community among women. This empowerment has a cascading effect, influencing not only

individual lives but also contributing to improved family well-being and community development.

Overall, the impact of self-help groups on the Indian economy and women empowerment is significant, fostering inclusive growth and sustainable development.

### **FINDINGS:**

Self-help groups (SHGs) play a crucial role in both the Indian economy and women empowerment. In the economic context, SHGs contribute to financial inclusion by providing access to credit, promoting savings, and fostering entrepreneurship at the grassroots level. This enhances economic activities and livelihoods, particularly in rural areas. For women empowerment, SHGs offer a platform for women to collaborate, build skills, and gain confidence. Through collective decision-making and resource pooling, women in SHGs can address social issues and challenge gender norms. Additionally, economic independence gained through SHGs empowers women, fostering a positive impact on their social status and overall well-being. Overall, the findings suggest that the promotion and support of self-help groups contribute significantly to both the economic development of India and the empowerment of women.



**CONCLUSION:**

Our research demonstrates that self-help groups play a pivotal role in fostering economic growth in India by empowering women. These groups provide a platform for skill development, financial independence, and collective decision-making, contributing significantly to the overall well-being of communities. As women become active contributors to the economy, the nation benefits from enhanced productivity and social progress. Encouraging and supporting self-help groups remains pivotal for sustainable development and the advancement of women's empowerment in the Indian context.

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