

# **Women’s Participation in Self-Help Groups and Socio-Economic Empowerment in Rural Uttar Pradesh**

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## **Abstract**

Women’s participation in Self-Help Groups has emerged as an important strategy for rural socio-economic empowerment in Uttar Pradesh. SHGs provide rural women with access to savings, internal lending, formal credit, livelihood opportunities, training and government welfare schemes. This study examines the role of SHGs in improving women’s financial inclusion, livelihood participation, household decision-making, social mobility and institutional involvement. The study is descriptive and analytical in nature and is based on secondary sources such as government reports, UPSRLM documents, NABARD reports, MoSPI data and related academic literature. The analysis shows that SHGs have positively contributed to women’s savings habits, confidence, awareness and access to financial services. However, their impact on income generation, market access and leadership remains uneven due to patriarchal norms, caste-based barriers, low literacy, weak training and limited enterprise support. The study concludes that SHGs can become effective instruments of women’s empowerment when financial inclusion is combined with sustainable livelihoods, digital literacy, market linkage and inclusive leadership development.

**Keywords:** Self-Help Groups; Women Empowerment; Rural Development; Socio-Economic Empowerment; Uttar Pradesh; Financial Inclusion; Livelihood Generation; UPSRLM; DAY-NRLM

## **Introduction**

Women’s participation in collective rural institutions has become a central concern in contemporary debates on inclusive development, gender justice and poverty reduction. Across the Global South, women’s economic marginalisation is closely connected with unequal access to land, credit, markets, education, technology, mobility and decision-making spaces. Women’s economic empowerment is therefore not limited to income generation; it includes agency, autonomy, dignity, control over resources, participation in institutions and the ability to influence household and community decisions. UN Women’s recent economic empowerment strategy defines women’s empowerment in terms of economic agency, autonomy and well-being, while also recognising that discriminatory norms, unpaid care burdens and unequal access to productive assets continue to restrict women’s opportunities (UN Women, 2024). In this context, Self-Help Groups (SHGs) have emerged as one of the most important grassroots mechanisms for linking poor rural women with savings, credit, livelihood training, entrepreneurship, social protection and collective action. Their relevance extends beyond microfinance because they operate as community-based institutions through which women can negotiate economic vulnerability, social exclusion and patriarchal constraints.

Globally, women's collectives are increasingly recognised as instruments for achieving the Sustainable Development Goals, especially SDG 1 on poverty reduction, SDG 5 on gender equality and SDG 8 on decent work and economic growth. The international development discourse now places greater emphasis on moving from welfare-oriented interventions to institutional models that create women's capabilities, bargaining power and public participation. However, evidence from developing economies also shows that financial inclusion alone does not automatically produce empowerment unless women gain effective control over credit, income, time, mobility and decisions. This distinction is important because SHGs are often evaluated in terms of the number of groups formed, savings mobilised or loans disbursed, while their deeper social outcomes remain under-examined. Recent studies have therefore argued for a multidimensional understanding of SHG-led empowerment that includes economic, social, psychological and institutional dimensions. Pandhare, Bellampalli and Yadava (2024), for example, found that microfinance and entrepreneurial engagement through SHGs positively influenced women's social, economic and psychological empowerment in rural India, including financial independence, decision-making participation, social networks and self-confidence.

In India, SHGs occupy a significant position in rural development policy. The Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY-NRLM) has institutionalised the SHG model as a national poverty alleviation strategy by organising rural poor women into SHGs and federating them into Village Organisations and Cluster Level Federations. The scale of this intervention is substantial. The Ministry of Rural Development reported that, as of June 2025, 10.05 crore women had been mobilised into 90.90 lakh women SHGs across the country, and the mission had provided capitalisation support and promoted livelihood diversification through farm and non-farm activities (Government of India, 2025a). The Government further reported that women SHGs had accessed ₹10.20 lakh crore in bank credit from 2013–14 to February 2025, indicating the growing role of SHGs in formal financial inclusion (Government of India, 2025b). By December 2025, Bank Sakhis had helped strengthen SHG–bank linkage, with 50,548 Bank Sakhis deployed and institutional bank credit of ₹12.18 lakh crore accessed by women SHGs since 2013–14. These trends indicate that SHGs are now part of a larger rural transformation framework involving credit, livelihoods, digital finance, community institutions and women-led entrepreneurship.

The national relevance of SHGs is particularly important in the context of women's labour and livelihood participation. The Periodic Labour Force Survey 2023–24 reported that the female labour force participation rate for persons aged 15 years and above increased from 23.3 per cent in 2017–18 to 41.7 per cent in 2023–24, while rural female labour force participation reached 47.6 per cent in 2023–24 (Ministry of Statistics and Programme Implementation, 2024). This improvement suggests a changing rural employment landscape, but it also raises critical questions about the quality, security and autonomy associated with women's work. A large share of rural women's work remains informal, low-paid, home-based, unpaid or linked to family labour. Therefore, SHGs become significant because they can potentially convert women's fragmented economic participation into organised livelihood activity, financial identity and collective bargaining capacity. Yet the empowerment effect of SHGs depends on

whether women remain passive beneficiaries of credit or become active economic agents who participate in planning, production, marketing, repayment, leadership and community decision-making.

Uttar Pradesh provides a particularly important regional context for examining SHG-based empowerment because it is India's most populous state and contains wide rural, caste, class, gender and regional disparities. Rural women in Uttar Pradesh often face structural constraints related to low asset ownership, dependence on agriculture and informal labour, limited mobility, gendered domestic responsibilities, caste hierarchy and uneven access to banking and markets. At the same time, the state has witnessed rapid expansion of SHG-based livelihood interventions under the Uttar Pradesh State Rural Livelihood Mission (UPSRLM). The UPSRLM portal highlights the role of BC Sakhis in extending banking services to rural households and records large-scale transaction volumes through women business correspondents, reflecting the growing interface between women's groups, digital finance and last-mile service delivery (Uttar Pradesh State Rural Livelihood Mission, n.d.). Recent state-level reporting also indicates substantial SHG expansion in Uttar Pradesh, including coverage of rural families, formation of SHGs, Village Organisations and Cluster Level Federations, and promotion of women-led enterprises under livelihood programmes. Although such indicators point towards institutional growth, they do not by themselves explain whether SHG participation has transformed women's control over income, social mobility, household bargaining power or public leadership.

Conceptually, this study treats women's participation in SHGs as both an economic and social process. Participation includes membership, regular attendance, savings, internal lending, access to bank credit, livelihood training, enterprise activity, interaction with officials and leadership within SHG federations. Rural socio-economic empowerment refers to the expansion of women's capabilities in terms of income, savings, credit access, livelihood security, household decision-making, mobility, confidence, awareness of rights, institutional participation and social recognition. This conceptualisation follows recent scholarship that moves beyond narrow credit-centred interpretations of SHGs. Ghosh, Mahapatra, Tandon and Tandon (2023) found that SHG interventions and entrepreneurial traits were positively associated with economic and socio-cultural empowerment among rural women, especially through income, savings, consumption, discretion over loan use and participation in income-generating activities. Similarly, Zavaleta Cheek and Corbett (2024) showed that women's public decision-making through SHGs in West Bengal helped build collective identity, legitimacy and authority, enabling women to challenge patriarchal norms through community-oriented action. These studies suggest that SHGs may function not only as financial groups but also as local institutions of social change.

Despite the growing literature, important gaps remain. First, many studies focus on SHGs in general Indian contexts or on states with comparatively stronger SHG traditions, while Uttar Pradesh remains under-analysed despite its demographic and developmental significance. Second, existing research often emphasises microcredit and income but gives insufficient attention to the relationship between SHG participation, social agency, institutional leadership and rural transformation. Third, government reports provide useful data on SHG formation,

credit linkage and programme outreach, but they rarely examine empowerment as a multidimensional outcome shaped by caste, education, family support, livelihood type, market access and local governance. Fourth, recent trends such as BC Sakhi, Lakhpati Didi, digital transactions, women-led rural enterprises and federation-based service delivery require closer academic examination. The problem, therefore, is not whether SHGs exist in rural Uttar Pradesh, but whether participation in them meaningfully enhances women's socio-economic empowerment beyond numerical inclusion.

### **Review of Literature**

The literature on women's participation in Self-Help Groups (SHGs) and rural socio-economic empowerment has gradually shifted from a narrow microfinance approach to a broader understanding of women's agency, livelihood security, collective action and institutional participation. Kabeer's (1999) framework remains central to this debate because it defines empowerment as a process through which women acquire the ability to make strategic life choices. Her model links empowerment with resources, agency and achievements, making it useful for analysing SHGs beyond savings and credit. However, many SHG studies still treat loan access, savings or income as direct indicators of empowerment, without sufficiently examining whether women actually control income, influence household decisions or challenge restrictive gender norms.

International research on microfinance and women's collectives presents mixed findings. Brody et al. (2015), in a systematic review of economic self-help group programmes in low- and middle-income countries, found that such programmes can improve economic, social and psychological empowerment, but outcomes depend strongly on programme design, group processes, local gender norms and complementary support. This shows that SHGs are not automatically empowering; their impact depends on the quality of participation, institutional support and women's control over benefits. Similarly, Goyal et al. (2022) argued that microfinance-led interventions can support women's empowerment, but they cannot independently overcome structural gender inequalities. Their review highlights a major contradiction in the literature: while microfinance improves access to credit, it may also increase repayment pressure and women's responsibility for household survival without necessarily redistributing power within the family.

In India, SHGs occupy a distinctive position because they are not only microfinance units but also state-supported rural development institutions. Swain and Wallentin (2009), using household data from five Indian states, found that SHG participation had a positive effect on women's empowerment. Their study is methodologically important because it attempted to measure empowerment more rigorously than descriptive case studies. However, it also reflects the limits of early SHG research, as standardised empowerment indicators could not fully capture caste, regional differences, intra-household bargaining or the distinction between nominal membership and active participation.

Recent Indian studies have adopted a more multidimensional approach. Pandhare, Bellampalli and Yadava (2024) found that microfinance and entrepreneurship through SHGs improved rural women's financial independence, self-confidence, social networks and decision-making

participation. Their mixed-method approach is valuable because it combines measurable economic outcomes with women's lived experiences. However, such studies are often based on limited regional samples and cannot be directly generalised to Uttar Pradesh, where caste hierarchy, patriarchal family structures, uneven literacy and regional disparities significantly influence women's empowerment.

Another important development in the literature is the shift from individual empowerment to collective and public agency. Zavaleta Cheek and Corbett (2024), in their study of women's SHGs in West Bengal, argued that SHGs can strengthen collective identity, public decision-making and women's legitimacy in community spaces. This is relevant because SHGs increasingly function through Village Organisations and Cluster Level Federations. However, evidence from West Bengal cannot be automatically applied to Uttar Pradesh because both states differ in political mobilisation, social structure, SHG maturity and institutional capacity.

Studies linking SHGs with sustainable development and entrepreneurship also provide useful insights. Ghosh, Mahapatra, Tandon and Tandon (2023) found that SHG participation and entrepreneurial traits were associated with economic and socio-cultural empowerment among rural women. Their work is significant because it connects SHGs with Sustainable Development Goal 5 on gender equality. Yet, a limitation remains: empowerment is often inferred from income-generating activities without adequately examining who controls the income, how loans are used and whether SHG work increases women's unpaid labour burden.

Financial inclusion literature further strengthens the need for critical analysis. Saluja, Singh and Kumar (2023), in a systematic review of women's financial inclusion, found that women face barriers such as social norms, lack of documentation, low financial literacy, restricted mobility and digital exclusion. This is directly relevant to SHGs because they are expected to connect rural women with formal banking systems. However, financial access becomes empowering only when women can independently use, manage and benefit from financial resources. In Uttar Pradesh, this raises important questions about SHG-bank linkage, BC Sakhi initiatives, digital transactions, loan utilisation and actual control over credit.

Methodologically, SHG research uses quantitative, qualitative and mixed-method approaches, but each has limitations. Quantitative studies are useful for measuring savings, loans, income and participation, but they often fail to capture confidence, mobility, dignity and intra-household negotiations. Qualitative studies provide deeper insights into women's lived experiences but are often context-specific. Mixed-method research is therefore more suitable for SHG studies because empowerment is both measurable and experiential. Recent bibliometric reviews also show that SHG research is expanding, but much of it remains concentrated on microfinance, poverty reduction and entrepreneurship, while issues such as caste exclusion, digital finance, federation governance, market access and long-term sustainability remain underexplored.

### **Research Methodology:**

The study will be descriptive and analytical in nature, based on both primary and secondary data. Primary data may be collected from women members of Self-Help Groups in selected

rural districts of Uttar Pradesh through questionnaires, interviews and focus group discussions. Secondary data may be collected from the Ministry of Rural Development, Uttar Pradesh State Rural Livelihood Mission, NABARD, MoSPI, Census reports and District Statistical Handbooks. Purposive and stratified sampling may be used to select respondents. Data will be analysed through percentage, cross-tabulation and thematic analysis to examine financial inclusion, livelihood improvement, decision-making, mobility and socio-economic empowerment.

### **Analysis and Discussion with Table Titles and Sources**

Women’s participation in Self-Help Groups has become an important mechanism of rural socio-economic empowerment in Uttar Pradesh. SHGs contribute to empowerment through financial inclusion, livelihood promotion, social mobility, household decision-making and institutional participation. Through savings, internal lending, bank linkage, training and collective meetings, rural women gain access to formal financial systems and local development institutions. However, the level of empowerment varies according to education, caste, family support, training, leadership opportunities and market access.

**Table 1: Dimensions of Women’s Empowerment through Self-Help Groups in Rural Uttar Pradesh**

<b>Dimension of Empowerment</b>	<b>Key Indicators</b>	<b>Positive Impact of SHG Participation</b>	<b>Major Limitations</b>
Financial empowerment	Savings, loan access, bank account use, repayment habit	Improved access to formal credit and savings discipline	Limited control over loan use in some households
Economic empowerment	Livelihood activity, income generation, enterprise participation	Support for dairy, tailoring, food processing, agriculture and small trade	Weak market linkage and low profit margins
Social empowerment	Mobility, confidence, awareness, social recognition	Increased participation in meetings, training and village-level activities	Patriarchal norms and caste barriers continue
Household decision-making	Role in spending, children’s education, health and asset use	Greater voice in family decisions	Male dominance remains strong in major household decisions
Institutional empowerment	Participation in SHG, VO, CLF and government schemes	Exposure to leadership and collective action	Leadership often limited to active or educated members

**Source:** Prepared by the author based on DAY-NRLM framework, Uttar Pradesh State Rural Livelihood Mission reports, NABARD microfinance reports and review of SHG-related literature.

SHGs have played a major role in improving women’s financial inclusion. Before joining SHGs, many rural women depend on informal sources of credit such as moneylenders, relatives or local traders. SHG participation encourages regular savings, internal lending and access to revolving funds and bank loans. This reduces dependence on informal credit and improves women’s financial identity. However, financial inclusion becomes real empowerment only when women have control over the use of loans and income.

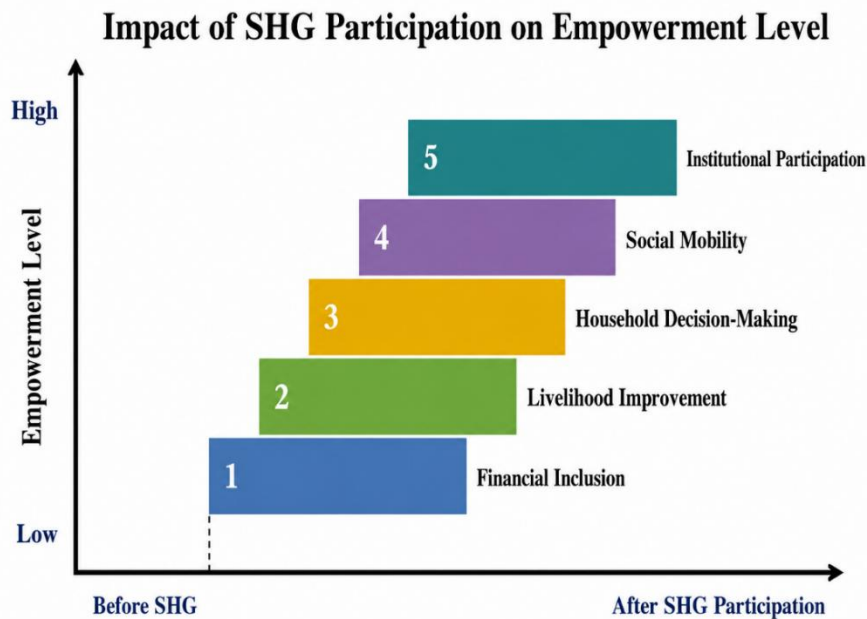
**Table 2: Comparison between Active and Passive Women SHG Members**

<b>Indicator</b>	<b>Active SHG Members</b>	<b>Passive SHG Members</b>
Meeting attendance	Regular participation	Irregular participation
Savings contribution	Consistent savings	Occasional savings
Loan use	More likely to use loans for livelihood activities	Often dependent on family decision
Training participation	Higher participation in skill and livelihood training	Limited participation
Confidence level	Relatively high	Limited improvement
Household decision-making	Improved role in family decisions	Minimal change
Leadership exposure	May become office bearer, VO member or CLF member	Rarely involved in leadership
Institutional awareness	Better awareness of schemes and bank linkage	Limited awareness

**Source:** Prepared by the author based on field-oriented SHG empowerment indicators and secondary literature on women’s participation in SHGs.

The table shows that active participation is more important than simple membership. Women who attend meetings regularly, save consistently, participate in training and take leadership roles are more likely to experience empowerment. Passive members may receive some financial benefits, but their social confidence and decision-making power remain limited. Therefore, the quality of SHG participation is a key factor in determining empowerment outcomes.

**Graph 1: Conceptual Impact of SHG Participation on Empowerment Indicators**



**Source:** Prepared by the author based on conceptual interpretation of SHG participation and empowerment indicators.

The graph indicates that financial inclusion usually improves first because savings and credit are the basic functions of SHGs. Livelihood improvement and decision-making develop gradually. Social mobility and institutional participation require longer exposure to group meetings, training, public interaction and leadership opportunities.

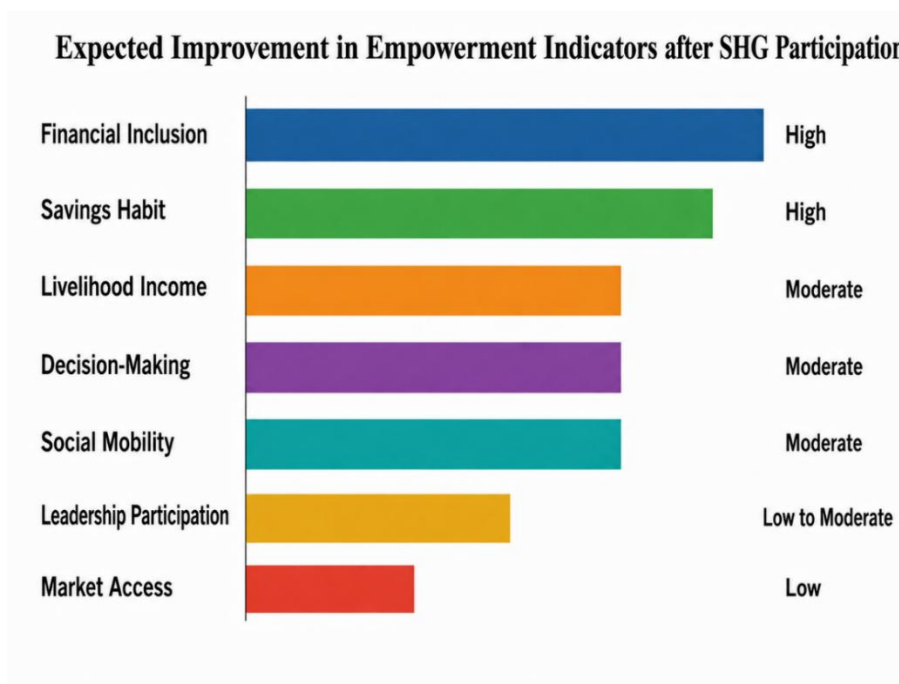
**Table 3: Major Challenges Faced by Women SHG Members in Rural Uttar Pradesh**

Challenge	Effect on Empowerment
Low literacy and financial awareness	Reduces ability to manage accounts, loans and digital transactions
Patriarchal family control	Limits mobility, decision-making and control over income
Weak market linkage	Restricts income from SHG products
Inadequate training	Limits enterprise growth and product quality
Caste-based exclusion	Reduces equal participation and leadership opportunities
Loan diversion	Credit may be used for household needs instead of productive activity
Digital divide	Limits access to online banking, schemes and digital marketing
Irregular meetings	Weakens group discipline and collective action

**Source:** Prepared by the author based on DAY-NRLM implementation concerns, NABARD reports, UPSRLM programme structure and review of related studies on rural women’s SHGs.

The challenges show that SHG-based empowerment is not automatic. Patriarchal norms, caste barriers, weak training, poor market access and low digital literacy restrict women’s full empowerment. Many women gain access to loans but may not control the use of credit. Similarly, livelihood activities remain small-scale if women do not receive technical training, branding support, transport facilities and market linkage.

**Graph 2: Expected Improvement in Empowerment Indicators after SHG Participation**



**Source:** Prepared by the author based on analytical interpretation of SHG empowerment dimensions.

The graph suggests that SHGs are stronger in improving savings habits and financial inclusion than in creating strong market-linked enterprises. Market access remains weak because many SHG products are sold locally and lack branding, packaging, digital marketing and institutional procurement support. Therefore, economic empowerment requires more than credit; it needs skill training, enterprise development and market integration.

**Table 4: SHG Participation and Expected Socio-Economic Outcomes**

SHG Component	Participation	Expected Outcome	Empowerment Dimension
Regular savings		Financial discipline and emergency support	Financial empowerment

Internal lending	Reduced dependence on moneylenders	Economic security
Bank linkage	Access to formal credit	Financial inclusion
Livelihood training	Skill development and income generation	Economic empowerment
Group meetings	Confidence and collective identity	Social empowerment
Leadership roles	Public participation and institutional confidence	Institutional empowerment
Digital transactions	Better access to banking and schemes	Digital and financial inclusion
Federation participation	Stronger bargaining and collective action	Collective empowerment

**Source:** Prepared by the author based on DAY-NRLM operational model, UPSRLM structure and author’s conceptual framework.

Thus, the analysis shows that women’s participation in SHGs has a positive but uneven impact on rural socio-economic empowerment in Uttar Pradesh. SHGs improve financial inclusion, savings behaviour, social interaction, confidence and livelihood opportunities. They also create a collective platform for rural women to participate in community institutions. However, their transformative potential is restricted by patriarchy, caste inequality, low literacy, weak enterprise development, limited market access and uneven institutional support. Therefore, SHGs should not be viewed only as micro-credit groups; they should be understood as rural women’s institutions that require continuous capacity building, inclusive leadership, livelihood convergence and market integration.

**Conclusion**

Women’s participation in Self-Help Groups has played an important role in promoting rural socio-economic empowerment in Uttar Pradesh. SHGs have provided rural women with access to savings, internal lending, formal credit, livelihood opportunities and government schemes. They have also increased women’s confidence, mobility, social awareness and participation in collective decision-making. The study shows that SHGs are more effective in improving financial inclusion and savings habits, while their impact on livelihood income, leadership participation and market access remains moderate or limited.

The analysis further indicates that SHG membership alone does not automatically ensure empowerment. Active participation in meetings, training, loan utilisation, livelihood activities and leadership roles is essential for meaningful change. Women who regularly participate in SHG activities are more likely to gain financial confidence, social recognition and a stronger role in household decisions. However, patriarchal norms, caste-based inequalities, low literacy, weak digital awareness, limited market linkage and inadequate enterprise training continue to restrict the full potential of SHGs in rural Uttar Pradesh.

## Suggestions

Women's Self-Help Groups in Uttar Pradesh should be strengthened through regular skill training, financial literacy and digital banking awareness. Bank linkage should be simplified so that rural women can access credit without procedural difficulties. SHG loans should be connected with productive livelihood activities such as dairy, tailoring, food processing, agriculture-based enterprises and local services. Special attention should be given to women from marginalised caste and low-income groups. Market linkage, branding, packaging and online selling support should be provided for SHG products. Leadership training should also be promoted to increase women's participation in household, community and institutional decision-making.

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