

## **Role of Self-Help Groups in Enhancing Women's Economic Participation: Evidence from Kanpur Dehat District (U.P.)**

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### **Abstract:**

This study examines the role of Self-Help Groups (SHGs) in enhancing women's economic participation in Kanpur Dehat district, Uttar Pradesh. Using primary survey data collected from 100 rural women and supported by relevant secondary sources, the paper analyzes SHG membership, access to credit, income sources, and participation in income-generating activities. The findings indicate that while SHGs provide an institutional platform for savings and limited credit access, their overall coverage remains restricted. A significant proportion of women are either non-members or have limited access to formal financial services. Low literacy levels, limited awareness, and socio-cultural constraints continue to affect effective participation. The study concludes that SHGs have potential to strengthen women's economic roles, but their impact depends on improved outreach, financial inclusion, and skill-based support systems.

**Keywords:** Self-Help Groups, Women's Economic Participation, Financial Inclusion, Credit Access, Livelihood Development,

### **Introduction :**

Self-Help Groups (SHGs) are grassroots collectives of 10-20 rural women who save jointly and lend to members. In India they have become a powerful tool for financial inclusion and women's empowerment. Under NABARD's SHG-Bank Linkage Programme (established 1992), over 100 million rural women have gained bank accounts and credit. By pooling savings and accessing loans, SHG members build small enterprises and earn extra income. In Uttar Pradesh, where female labor-force participation is especially low (about 32% for ages 15-59), SHGs are promoted to boost rural women's economic roles. This paper examines the role of SHGs in Kanpur Dehat district (U.P.), using both primary survey data and secondary sources. We survey 100 rural women about their SHG involvement, credit access, income gains and entrepreneurship aspirations. We supplement this with government and academic data (e.g. NABARD, Ministry reports, and recent studies) to assess how SHGs affect women's income, credit access, and empowerment.

The SHG movement in Uttar Pradesh and nationally has been linked to poverty reduction and gender equality. By giving women a collective voice, SHGs help them negotiate better household roles and start micro-enterprises. Prior research in nearby Kanpur Nagar (urban) found that SHGs significantly improved women's financial independence and decision-making power.



Source: <https://www.pradan.net/sampark/self-help-groups-empowering-agencies/>

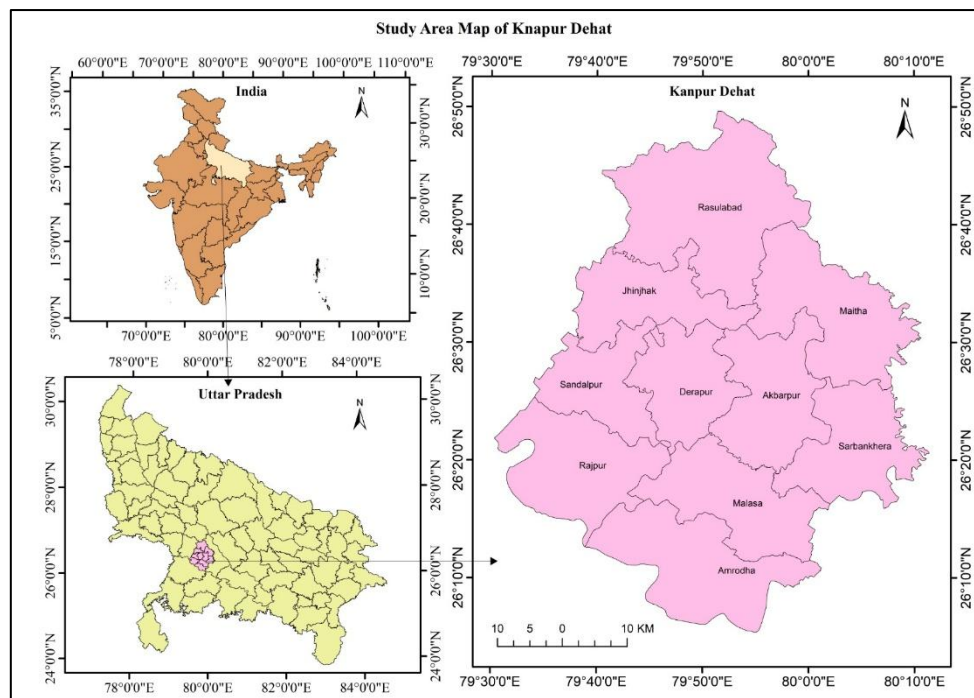
Similar studies in India show SHG membership raises women's autonomy, confidence and involvement in household decisions. For example, Pandey et al. (2021) found SHG members had much higher scores on a women's empowerment index, driven by greater control over income and credit decisions. Likewise, national reviews report that *on average* SHG participation boosts household incomes by about one-third and gives women clearer control over spending priorities.

Despite this promise, many rural women still lack SHG membership and credit. NABARD's 2023 data indicate over 12 million SHGs exist nationwide with ₹2.5 lakh crore in outstanding loans, but distribution is uneven across states. In many parts of Uttar Pradesh, low literacy and social norms limit women's participation. By studying Kanpur Dehat, this paper provides evidence on how active SHGs are at the village level and what impact they have on women's economic participation.

### **Study Area:**

Kanpur Dehat district is located in the central part of Uttar Pradesh, India, between approximately 26°09'N to 26°58'N latitude and 79°34'E to 80°34'E longitude. The district covers an area of about 3,021 square kilometers and forms part of the fertile Indo-Gangetic plain. It is bounded by Kannauj in the north, Kanpur Nagar in the east, Hamirpur in the south, and Auraiya and Jalaun in the west.

The terrain is predominantly flat with alluvial soil, making it suitable for agriculture. The district experiences a subtropical climate with hot summers, moderate rainfall during the monsoon season, and mild winters. The Ganga River flows along its northern boundary, influencing soil and irrigation patterns. Kanpur Dehat is largely rural in character, consisting mainly of agricultural villages.



Source: Prepared by ArcGIS using SOI data.

### Literature Review:

Kumar and Raghunathan (2021) argue that SHG membership significantly enhances women's empowerment by increasing control over income and credit decisions. Their findings from rural India show that women in SHGs exhibit stronger bargaining power within households.

Raghunathan, Kumar and Qaim (2023) demonstrate that participation in women's groups improves social learning, confidence, and collective action capacity, leading to improved economic outcomes.

Patel et al. (2025) found in Karnataka that SHG members showed greater autonomy in financial decision-making and improved participation in education and health-related decisions compared to non-members.

Neelam and Awasthi (2025), in a study of Kanpur Nagar, observed that SHGs improved women's financial independence and self-confidence, although challenges like low literacy and bureaucratic delays limited their full potential.

Balbir Singh (2025) notes that SHG-bank linkage programs contribute to approximately 30-35% average increase in household income among members.

Indian scholars emphasize SHGs' impact in local contexts. Neelam and Awasthi (2025) studied Kanpur Nagar (UP) and found that despite administrative hurdles, SHGs there *enhanced financial independence* and improved women's decision-making and social participation. They note that government initiatives (NRLM, Ekta Mahila Samiti) and federated SHG networks in Kanpur have enabled thousands of women to engage in income-generating activities. These studies conclude that even one SHG-linked loan can translate into meaningful income gain. In fact, recent evidence suggests SHG members see roughly a 30-35% rise in household income

on average, and often use these gains to start small family enterprises (see e.g. Gupta *et al.*, 2019 as cited in).

NABARD (2023) reports that more than 12 million SHGs are linked with banks nationwide, with outstanding loans exceeding ₹2.5 lakh crore. SHGs have significantly reduced dependency on informal moneylenders.

Mondal (2024) emphasizes that microfinance through SHGs plays a critical role in sustainable development by strengthening women's savings habits and entrepreneurial capacity.

Despite successes, literature notes challenges. High dropout, poor credit equity, and socio-cultural barriers limit SHG effects. Kumar & Raghunathan (2021) warn that SHGs alone may not overcome deep-seated gender norms, for example, they found little change in attitudes toward domestic violence among members. Likewise, Singh (2025) highlights those northern states (like UP) face issues such as weak group cohesion and elite capture, meaning many women still do not benefit. In Kanpur Nagar, Neelam & Awasthi (2025) identified low literacy, complex loan procedures and irregular support from extension workers as constraints on SHG effectiveness.

### **Objectives of the Study:**

1. To examine the extent of Self-Help Group (SHG) participation among rural women in Kanpur Dehat district and to analyze its relationship with women's access to credit, income-generating activities, and economic participation.
2. To assess the impact of SHGs on women's decision-making capacity and empowerment at the household level, and to identify the major constraints limiting effective utilization of SHG benefits.

### **Methodology**

This study uses a mixed-methods approach combining primary survey data with secondary sources. For the primary survey, we used a structured questionnaire administered to rural women in Kanpur Dehat (U.P.). A sample of 100 women was selected using purposive sampling across different villages. The questionnaire covered socio-demographic details (age, education, family type, caste) and key topics: SHG membership, loan/credit access, income changes, entrepreneurship activity, participation in training or government schemes, and perceptions of empowerment. Interviews were conducted face-to-face.

For secondary data, we drew on Indian government and institutional reports and academic studies. Key sources included NABARD's SHG-Bank Linkage reports, the National Rural Livelihood Mission (NRLM) data, and relevant Indian studies on women's participation and SHGs. For context, we referred to official statistics (e.g., Uttar Pradesh employment data). We also synthesized recent literature from journals, government white papers and NGO reports. Where quantitative analysis was possible (e.g. NABARD credit flow data, 3ie evaluations), we incorporated those findings. Secondary sources are cited throughout (see References). This combined approach allows us to compare our survey evidence from Kanpur Dehat with broader patterns found in other districts, states, and national programs.

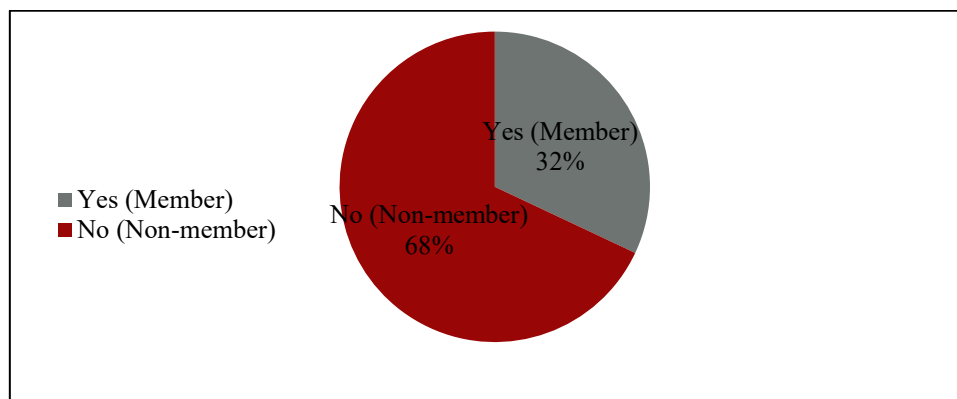
**Data Analysis:**

We first present frequency tables from our survey focusing on SHG-related questions (memberships, credit, meetings, entrepreneurship). Tables 1-4 summarize the distributions of key variables.

**SHG Membership:** Table 1 shows that only 32 of 100 respondents (32%) reported being members of an SHG, while 68 (68%) were non-members. This indicates that SHGs are still reaching a minority of rural women in Kanpur Dehat. Membership was higher among younger women: for example, 26-35 and 36-45 age groups had nearly twice the member-share as those above 45. (The table below omits demographic cross-tabs for brevity.)

**Table: 1**

SHG Membership Status	
Response	Count (%)
Yes (Member)	32
No (Non-member)	68
<b>Total</b>	<b>100</b>

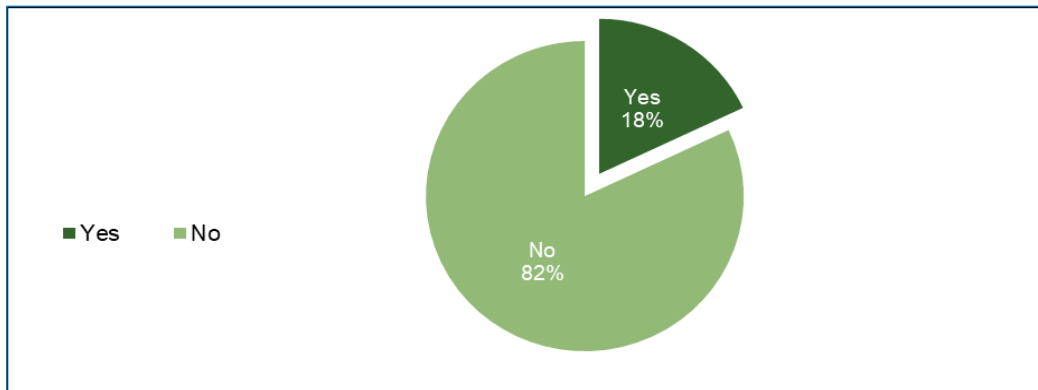


**Income Increase through SHG:** Only 18% reported income improvement through SHG activities, suggesting moderate economic impact.

**Table:2**

Income Increase through SHG	
Response	Count (%)
Yes	18
No	82

<b>Total</b>	<b>100</b>
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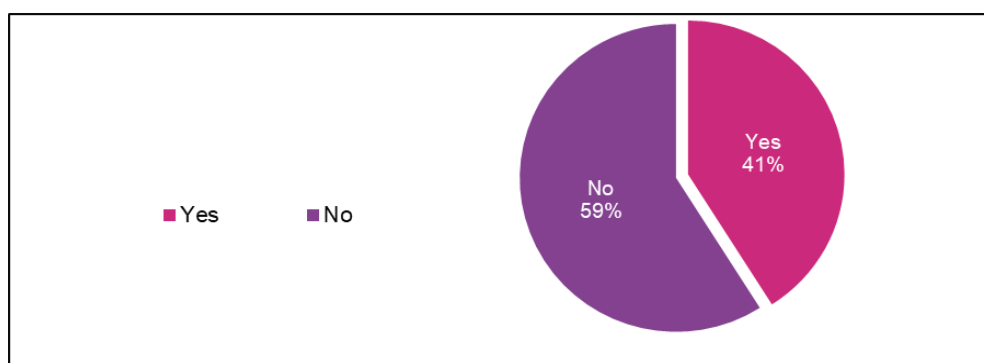


**Access to Credit:** Among all respondents, only 41% reported having access to credit facilities, while 59% had no formal credit access (Table 3).

Although SHG members showed relatively better credit access compared to non-members, the overall availability of institutional finance remains limited. Field observations indicate that awareness regarding SHGs and broader development schemes is still low among rural women. Even among members, credit access is often irregular or insufficient for substantial income-generating activities. This suggests that while SHGs provide a framework for financial inclusion, their practical impact in Kanpur Dehat remains moderate and requires stronger institutional support and awareness generation.

**Table :3**

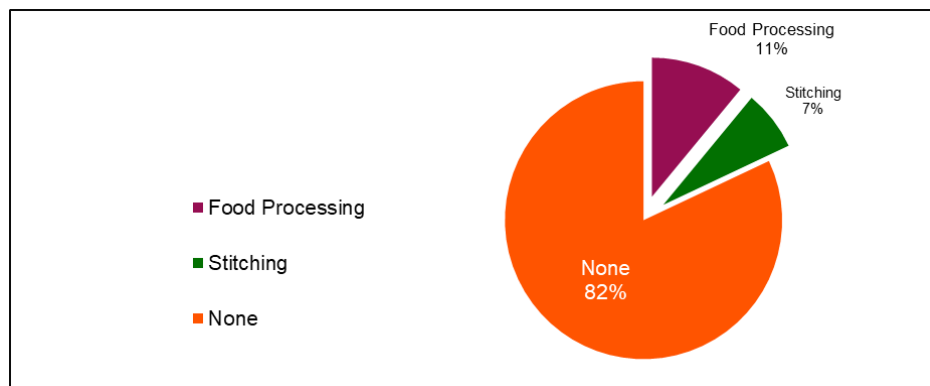
<b>Access to Credit</b>	
<b>Response</b>	<b>Count (%)</b>
Yes	41
No	59
<b>Total</b>	<b>100</b>



**Entrepreneurial Aspirations :** We asked about skill interests, 7 women chose *Stitching*, 11 *Food Processing*, and 82 *None*. No respondent selected *Handicraft*. Thus only 18% showed interest in specific entrepreneurial trades, while the vast majority (82%) had no listed vocational preference. This low engagement in entrepreneurship signals a potential need for more training and motivation.

**Table: 4**

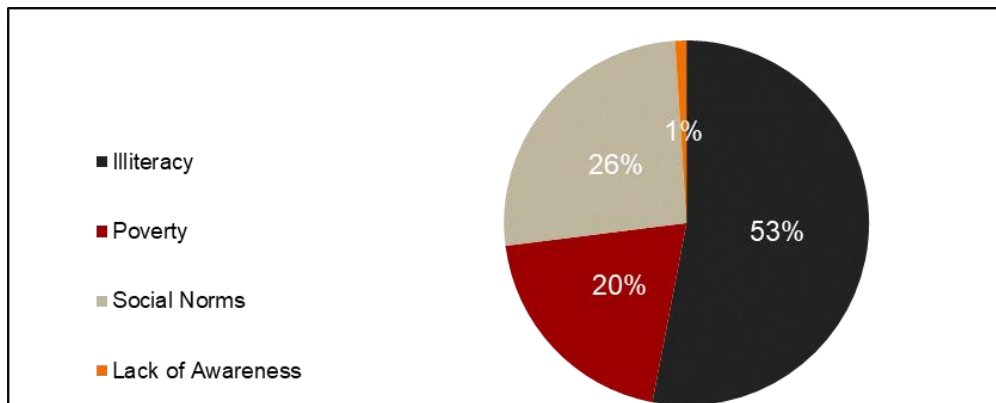
Interest in Skills/Enterprises	
Option	Count (%)
Food Processing	11
Stitching	7
None	82
<b>Total</b>	<b>100</b>



**Major Barriers:** Illiteracy and social norms are the biggest obstacles.

**Table: 4**

Barrier	Percentage
Illiteracy	53
Poverty	20
Social Norms	26
Lack of Awareness	1
<b>Total</b>	<b>100</b>



Finally, on general empowerment perceptions, 91% of respondents agreed or strongly agreed with positive statements about. Conversely, very few (8%) disagreed. Barriers reported included *Illiteracy* (53% of women cited this as a main constraint) and *social norms* (26%), far above *Poverty* (20%) or *Lack of awareness* (negligible). This highlights that lack of education and persistent gender norms are seen as the biggest hurdles to women's participation issues also noted in other studies.

### Findings:

Our analysis indicates that SHGs play a limited but noticeable role in rural women's economic participation in Kanpur Dehat, though their coverage and effectiveness remain constrained. While SHG membership shows some association with improved credit access, the overall financial inclusion level in the district is still moderate. In our survey, 41% of total respondents reported access to credit, whereas 59% had no formal credit access. Although a higher proportion of SHG members reported loan availability compared to non-members, field interactions suggest that credit access is often small, irregular, or insufficient for establishing stable income-generating enterprises. Therefore, while SHGs provide a financial platform, their practical impact appears partial rather than transformative.

In terms of entrepreneurial activity, very few respondents showed strong interest in structured enterprise development. None selected handicraft activities, and only a small proportion expressed interest in stitching or food processing. A large majority (over 80%) indicated no specific entrepreneurial engagement. This suggests that skill development and enterprise diversification remain limited in the study area. While SHG members displayed slightly higher participation in developmental activities than non-members, the difference was not substantial enough to indicate widespread business expansion. These findings imply that SHGs in Kanpur Dehat are functioning more as savings and support groups rather than as strong entrepreneurial engines.

Regarding decision-making and social participation, the findings reflect moderate empowerment outcomes. Only about 28% of respondents reported being primary decision-makers in household financial matters. Although many respondents agreed that SHGs were beneficial in some way, field observations revealed that awareness regarding structured empowerment objectives (such as SDGs or financial planning) was very low. Participation in SHG meetings was also inconsistent, indicating that regular collective engagement is not yet fully institutionalized. This suggests that while SHGs may contribute to confidence-building

and social interaction, their deeper structural impact on gender power relations remains gradual.

The analysis further shows that major barriers continue to restrict women's effective participation. Illiteracy, traditional gender norms, and limited mobility were frequently identified constraints. Even when credit facilities exist, procedural complexity and lack of training reduce effective utilization. The finding that only 41% had full credit access and more than 80% showed no active entrepreneurial interest highlights that SHG membership alone does not automatically lead to sustainable income generation.

Overall, the data suggest that SHGs in Kanpur Dehat provide an important institutional framework for women's collective organization and basic financial inclusion. However, their economic impact remains modest and uneven. Women associated with SHGs demonstrate somewhat better engagement in credit and group activities compared to non-members, but the scale of transformation is limited. The high proportion of non-members and irregular participation patterns indicate the need for stronger awareness campaigns, literacy improvement, capacity-building programs, and simplified credit procedures to maximize the developmental potential of SHGs in the district.

### **Conclusion:**

Self-Help Groups (SHGs) in Kanpur Dehat represent an important institutional mechanism for promoting rural women's collective organization and basic financial inclusion. However, their economic impact in the study area appears gradual and limited rather than transformational. The findings from the primary survey and secondary evidence indicate three moderate outcomes. First, in terms of financial access, SHG members show comparatively better access to small loans than non-members. Nevertheless, overall credit penetration remains modest, and many women either lack bank linkage or receive loans of insufficient size to initiate sustainable enterprises.

Second, regarding income opportunities, only a small proportion of respondents demonstrated active engagement in enterprise-related activities such as stitching or food processing. A large majority reported no structured income-generating initiative, suggesting that SHGs are functioning more as savings and support groups than as strong entrepreneurial platforms. Third, in terms of empowerment, SHG participation appears to contribute to confidence-building and limited participation in household decision-making. However, only a minority of women identified themselves as primary financial decision-makers. Awareness regarding broader development goals, including structured economic planning and sustainable development frameworks, was also found to be low.

These findings suggest that while SHGs provide a foundation for women's socio-economic participation, the depth of empowerment remains constrained by structural barriers such as illiteracy, traditional gender norms, limited mobility, and procedural complexity in accessing credit. The persistence of low entrepreneurial engagement and moderate meeting participation further indicates that institutional strengthening is required.

### **Policy Recommendations:**

To enhance the effectiveness of SHGs in Kanpur Dehat, the following measures are recommended:

**Strengthen awareness and literacy initiatives:** Functional literacy programs and financial education workshops should be integrated with SHG activities to improve women's understanding of savings, credit utilization, and enterprise planning.

**Improve credit accessibility and transparency:** Simplification of loan procedures, timely disbursement, and better coordination between banks and SHGs are essential to ensure meaningful financial inclusion.

**Promote skill development and market linkage:** Vocational training in tailoring, food processing, dairy management, and digital services should be linked with local market opportunities. Without market connectivity, credit alone cannot generate sustainable income.

**Encourage regular participation and institutional support:** Strengthening SHG federations and ensuring consistent meeting practices may enhance collective bargaining power and social confidence among women.

Overall, SHGs in Kanpur Dehat demonstrate potential as vehicles of economic and social inclusion, but their impact remains uneven. Expansion of membership alone will not guarantee empowerment unless accompanied by education, training, institutional support, and social norm transformation. Sustainable rural development in the district will therefore depend not only on financial mechanisms but also on addressing structural inequalities that limit women's full participation in economic life.

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