



Microfinance through Self -Help Groups: An Apposite Choice for Women's Empowerment in India.

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Abstract

The SHG Movement in India has proved to be a boon in the empowerment of women in all the spheres of life. The SHG programme is the biggest mass movement targeted to promote the microcredit, micro-savings, thrift, insurance and pension, etc. for all the rural and the urban poor by upgrading their lives in terms of the socio-economic aspect. The origin of SHGs began with the thought of organizing the people with similar financial backgrounds and identical needs to form and work in groups as it is in their innate nature to work collectively by forming the small groups, actively participating and interacting closely to achieve the common goals. The SHGs are a mini form of the Cooperatives, thriving on the cooperative aspect, to pursue and accomplish the aim of economic betterment at the community level. The evidences substantiate that the rural and the urban women have been the major beneficiaries of these programmes, helping them lead a self-reliant life. It is one of the biggest tools in the hands of the government to outreach the target groups and realize the goals of financial inclusion where any other big or small financial banks or institutions fails to meet the demand of the people.

This paper investigates the causal relationship between the SHGs and the empowerment of women, to help them regain and restore their position in the family. It is based on the comparative statistics, where the facts and figures relating to the number of SHGs in India, savings made by the participants of the SHGs, their deposits, their savings, the credit advanced to them are furnished. The vicennial data, decadal data and the annual data of the important years forms the base which are further analyzed to evaluate the performance of the SHGs in the context of women empowerment in India. The SHGs enables them to generate their

consciousness to a level, where they not only think and form ideas but also participate well to contemplate their desires into reality.

The study provides all the necessary and adequate information through the secondary data and sources to strengthen the information base of the readers in the background of the relationship mentioned above.

Keywords: *Micro-credit, Micro-finance, SHGs (Self Help Groups), Women Empowerment and Financial Inclusion.*

Introduction

The biggest truth and the reason for the greatest misery of humankind is that the human society across the globe is thriving on the abstraction of the divide between the 'haves and the have nots.' There is a huge divide between the employers and employees, owners and the labourers. As the owners of the means and the modes of production have the major access to the resources and the general masses, that is the poverty-stricken workforce (tenants, agricultural labourers, small and marginal farmers, artisans and women) are the ones who are socially and economically deprived of their basic rights. The poor in any country are languishing because the access to the sizeable or essential resources are available only to the affluents who make their profits and private money at the cost of the impoverished by paying them less than the work done. India is no exception to this gap or chasm. It manifests itself in different forms like the socio-economic divide (determined by the factors like caste, creed, sex, religion, region, income, education, economic status and political influence), technical/technological divide (due to inaccessibility of the poor to use the internet, smart phones, computers, laptops and tablets), generational divide (refers to the non-identical or dissimilar outlook or beliefs regarding the diverse aspects of life). The underprivileged are lagging on all these fronts chiefly owing to the social, economic and cultural barriers. The underpinnings of the micro-finance models is to slash down the vent to bring the poor to a respectable and a dignified position where they are no more at one's beck and call by forming small groups within them with a membership of 10 to 20 members, hailing from the homogeneous or same financial or economic or social milieu. It is thrusting on the notion of collective savings of the members and advancement of the fund as credit to the necessitous. The 'Group' or the 'Self Help Group' is adequate method to assist them in coping from the destitution and it's stumbling blocks.

Microfinance, in general is the brainchild of the very renowned and the popular economist Dr. Muhammad Yunus. He is credited to launch the Grameen Bank model to dispel the grievances of the marginalized for which he was awarded a Nobel Prize in 2006. He advocated the microfinance through the granting of 'micro-credit' and 'micro-loans' to the billions of people in need. He had a deep insight in the potential of the poor that even these people are bankable and the access to credit is their fundamental right to improve their condition and to pave a path for their future amelioration. As this plays a pivotal role in the alleviation of the distressed.

In India, the SHGs trace their commencement or beginnings to the early 1950s, when in 1954, the Textile Labour Association (TLA) of Ahmedabad trained their women workers and their families with the basic skills of sewing and knitting to make their two ends meet elegantly.

The SHGs in India are either men or the women-based institutions. Mixed gender is usually not preferred to safeguard the interest of the women members and to keep their voices or say intact and alive in the group. The entry or access of women into the groups have enabled them to acquire the basic knowledge of banking services, thrift, credit, insurance, pension and etc. The participation of women in the SHGs nationally and internationally have proved to be a harbour of social and economic integrity and solidarity.

Women empowerment means the upliftment of women (rural and the urban poor) through the engagement in the groups which aids them to make the strategic life decisions and to assert or assume the relevant roles in society by accessing the sufficient amounts of wealth and capital in the economy, at par with the male counterparts to have an equal footing in diverse dimensions of the society.

Aloysius Fernandez, the ex-Executive director of MYRADA (the Mysore Resettlement and Development Agency) had pioneered the concept of SHGs in India by promoting the Credit Management Groups in 1987 which are same as the SHGs with the like purposes. It is coalition of people from the disparate groups coming together in the pursuit of the common goals.

Literature Review:

Silavwe T and Nkhoma (2025): In this work, “Challenging Patriarchy through Credit: Assessing Microfinance’s Role in Women Empowerment and Rural Development in Malawi”, substantiate on the role of microfinance as a key to economic emancipation and poverty alleviation in the rural areas and for this twenty women were surveyed to disclose their personal experiences of working in the system to explore better dimensions of life ranging from earning income, better consumption, better savings, earning respect in the family and having a say in the decision making in the family. This paper focusses on the difficulty faced by the women in their pursuit to have an independent life.

Yoganandham G. and Varalakshmi M (2025): The author in his paper, “Impact of Microfinance on Women’s Empowerment and Poverty Alleviation in Tamil Nadu- An Empirical Assessment” stressed on the fact that the microfinance has been the magic tool for empowering the rural women of Tamil Nadu. He conducted a study examining the impact of the SHGs on the socio-economic condition of women members of the SHGs via tools like savings, credit, capacity building, upgrading skills and many more. Over-indebtedness, non-homogeneous groups, large NPAs hinders in the path of self-sufficiency.

Singh G and Malik F.A. (2025): In the article, “Microfinance and Women’s Entrepreneurship in Uttar Pradesh: A Study on Empowerment” highlights the employment of a diverse method approach to assess the impact of the financial services like the micro-savings, micro-credit, micro-insurance, micro-leasing on the socio-economic well being of the women entrepreneurs in the rural and the semi-urban areas of Uttar Pradesh, India. This paper specifically identifies on the need to expand the capacity building programs and tailoring the financial services as per the needs.

Patil H. et al (2025): The paper, “A Case Study of Financial Literacy in Rural Development through SHGs” focusses on the impact of Microfinance through SHGs on reducing the poverty from the grass root level and boosting women empowerment. It is based on the objective of estimating the level of financial literacy among the women entrepreneurs through the SHGs in Panhala block in Kolhapur District, Maharashtra. The study registers a positive response towards the empowerment of women and the financial literacy imparted by the SHGs in the district.

Research Gap:

This paper is an amalgamation of a large number of reports on the Microfinance and SHGs. Here, the data is extracted from the annual reports of Microfinance by NABARD published every year in the public domain. This is a compilation of the facts and figures produced on the key highlights of SHG-BLP in India, number of SHGs accessing credit from the banks in different periods, agency-wise distribution of credit to the SHGs in different time frames and the overall progress of the SHG-BLPs in India in the different periods. In each of these cases opted for study, an attempt was made by the author to compute the CAGR and the percentage changes in the performance of the SHG-BLPs wherever possible for the time frames ranging from 10 to 20 years, this makes the study complete and more original, not found in any research up till now. This paper employs a descriptive and an analytical method to elucidate the paper.

Objectives:

- (i) To study the growth and identify the extent to which the SHGs or the SHG-BLPs in India have risen.
- (ii) To assess the increase in the savings, credit and loans outstanding of the SHGs under the aegis of the Women-SHG, NRLM/SGSY and the NULM/SJSRY based SHGs.
- (iii) To evaluate the agency-wise contribution of credit to the SHGs in India.
- (iv) To determine the degree of relationship between the SHGs and the empowerment of women in India.

Methodology:

The study is constructed in the realm of the secondary data. This is basically a comparative study between a number of parameters pertaining to the different time periods. Many formulas are applied (CAGR and the percentages of many items were calculated) to make the study relevant. The secondary data incorporates a number of government reports (Central and the State governments), RBI and the NABARD data. A number of annual reports of NABARD published every year forms the base of the study. Many journals, articles, papers of different economists, handbooks of different states like Andhra Pradesh, Bihar and etc. were also referred. These reports and articles lay a strong foundation for the study.

Results and Discussion:

The magnum of the Microfinance models through the SHGs or the SBLP have increased manifolds. The growth radar is intensifying every year and with every addition of its woman member in the group, makes a different story for her and her family. Here are some tables along with the figures to prove the fulfillment of each objective set for the study.

Table no: I. Some highlights of the SHG-BLP for the accounting period 2014-15 to 2023-2424.

S.No.	Particulars	Total Physical (no. in lakhs)		CAGR [in %] (from 2014- 15 to 2023- 24)	Total Financial (Rs. in crores)		CAGR [in %] (from 2014-15 to 2023- 24)
		2014-15	2023-24		2014-15	2023-24	
1.	Total no. of SHGs saving linked with banks.	76.97	144.22	6.48	11059.86	65089.15	19.39
(i)	Out of total SHGs- exclusive women SHGs	66.52	120.44	6.12	9264.33	55227.69	19.54
(ii)	Out of total SHGs- NRLM/SGSY	30.52	84.30	10.69	4424.03	45384.39	26.21
(iii)	Out of total SHGs- NULM/SJSRY	4.33	7.40	5.50	1071.81	4354.31	15.05
2.	Total no. of SHGs credit linked with banks.	16.26	54.82	12.92	27582.31	209285.87	22.46
(i)	Out of total SHGs- exclusive women SHGs	14.48	53.20	13.89	24419.75	202716.08	23.57
(ii)	Out of total SHGs- NRLM/SGSY	6.43	44.89	21.45	9487.69	169797.41	33.44
(iii)	Out of total SHGs- NULM/SJSRY	1.05	2.70	9.90	1871.55	13499.66	21.85
3.	Total SHGs having the loans outstanding	44.68	77.42	5.65	51545.46	259663.73	17.55
(i)	Exclusive women SHGs	38.58	72.30	6.48	45901.95	246895.32	18.32
(ii)	Under NRLM/SGSY	18.46	61.02	12.69	19752.74	207138.48	26.49
(iii)	Under NULM/SJSRY	3.18	3.94	2.16	3462.62	15313.61	16.03

4.	<i>Under SHG-BLPs and JLGs</i>						
(i)	<i>No. of programmes conducted (in numbers only)</i>	4413					
5.	<i>Under WSHG in LWE affected and backward districts</i>						
(i)	<i>No. of programmes conducted (in numbers only)</i>	1142	628	-5.80			
(ii)	<i>No. of participants covered</i>	0.33	0.27	-1.98			

Source: *Status of Microfinance in India (2014-15)*, p: 1 and 2; *Status of Microfinance in India (2023-24)*, p: 10 and 11. CAGR was calculated by Ms. Shweta Singh, shwetasingh697@gmail.com, May, 2025.

Table no.1 represents the total physical and the total financial growth of SHGs in India in 2014-15 and 2023-24, in different segments like the total SHGs savings linked with banks, total number of SHGs credit linked with banks and the SHGs with the loans outstanding. These are given with respect to the certain time periods using which the total physical growth and the financial growth are analyzed separately comparing the data of 2014-15 with the 2023-24 data to calculate the CAGR for a period of ten years. The bank linkage of the SHGs for a complete women led SHGs exclusively formed for them shows the highest growth with respect to the physical and financial achievements in savings linked, credit linked and loans outstanding with the banks and government schemes. The **graphical representation of the physical growth of SHGs is depicted in the figure 1,2,3and 4.**

Figure 5,6 and 7 particularly following the table 1 constitute the total financial growth of SHGs where the women SHGs alone stands out in terms of result for savings, credit and the loans outstanding and the other parameters under which its true performance is checked. But, after working out on the formula of CAGR, $\{CAGR = [(EV/BV)^{(1/n)} - 1] \times 100\}$, where EV stands for the **Ending Value of the rate of return from an investment of the current year**; BV stands for the **Beginning value of the rate of return from an investment of the base year**; **n stands for the number of years**, for every category, it was found that the NRLM/SGSY led SHGs had an upper hand in the community of the SHGs due to the focus of Central and the State Governments on the poverty alleviation programmes of the rural people, as the per year average increase in the NRLM/SGSY based SHGs is the highest of all. The overall average growth of the physical increase every year is marked by 10.69% (savings), 21.44% (credit), and 12.69% (loans outstanding).

Likewise, the financial growth in the NRLM/SGSY led SHGs every year speaks out its own success story in the form of 26.21% (for savings), 33.43% (for credit) and 26.49% (for loans outstanding). The CAGR is generated for a period of ten years from 2014-15 to 2023-24.

Again, it is evident from the table that the total share of women in the savings linked SHGs, credit linked SHGs and the total loans outstanding with the banks, for the year 2014-15, as far as women SHGs are concerned, is impeccable and clearly manifests that the women in India had been the main beneficiaries of these programmes.

As per the reports of the Ministry of Rural Development, GOI, during the month of March 2024, about 2.28 lakh women have been mobilized into 16,938 SHGs embarking on the mass coverage of 10.04 cr.

In March 2024, the number of new SHGs (16,938) formed, brought the total number to a grand total of 90.83 lakhs (Source: Ministry of Rural Development-March 2024). The SHGs received a total of Rs.1709.84cr as the capitalization support, in March, 2024. The cumulative capitalization support has reached Rs. 41, 891.86cr.

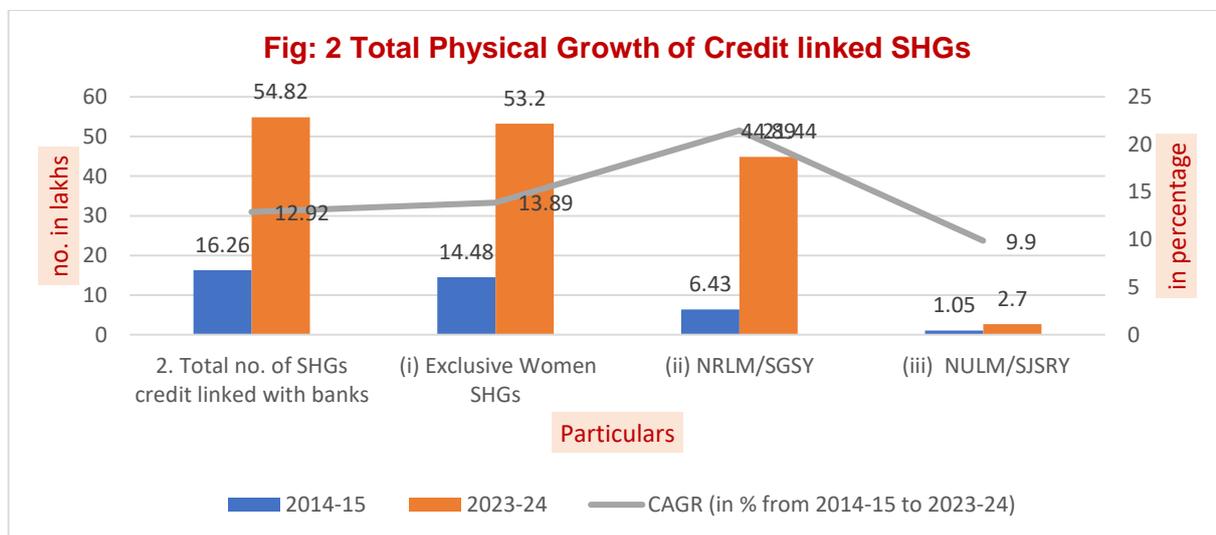
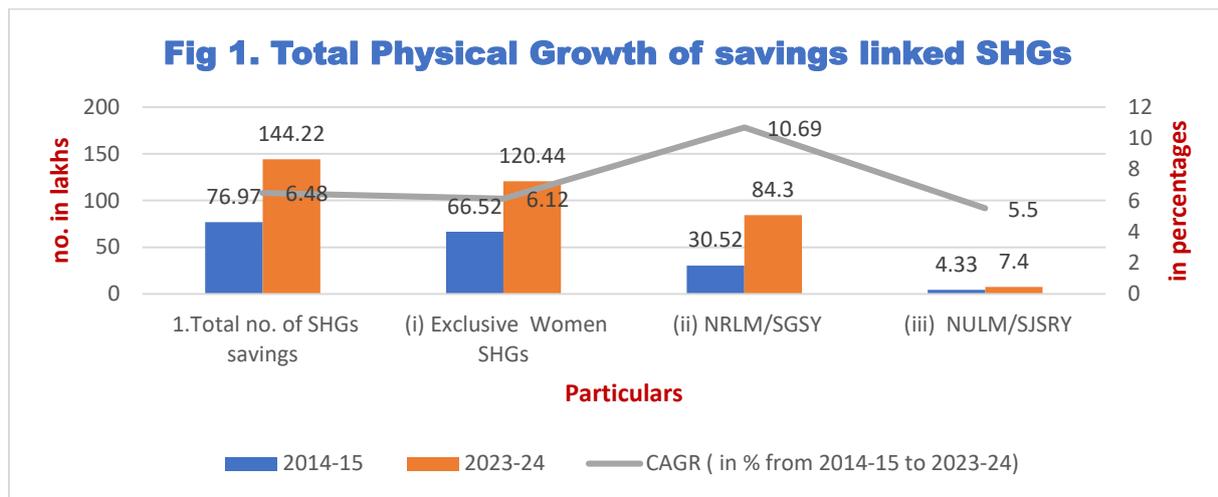


Fig 3. Total No. of SHGs having Loans Outstanding.

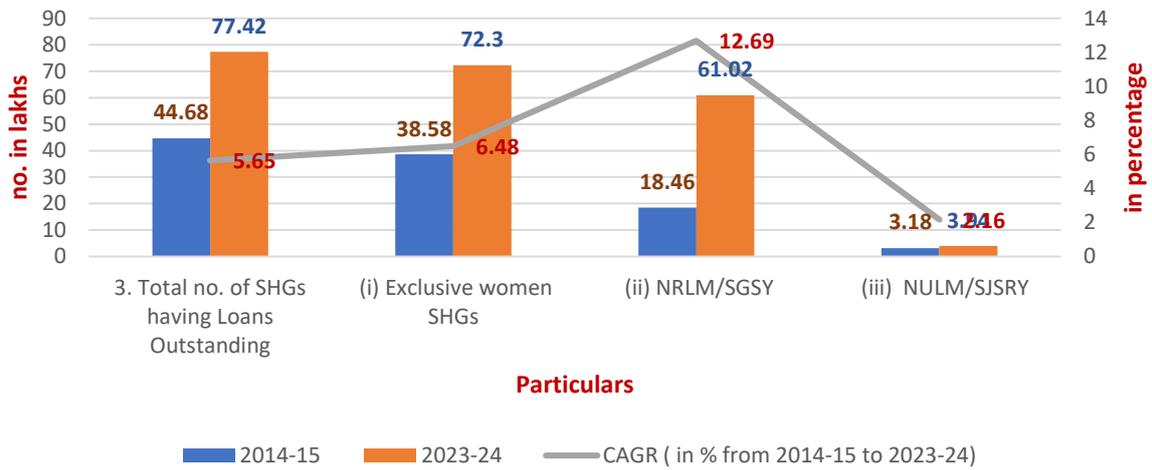


Fig 4. Under WSHG(Women Self-Help Groups) in LWE (Left Wing Extremism) affected Areas.

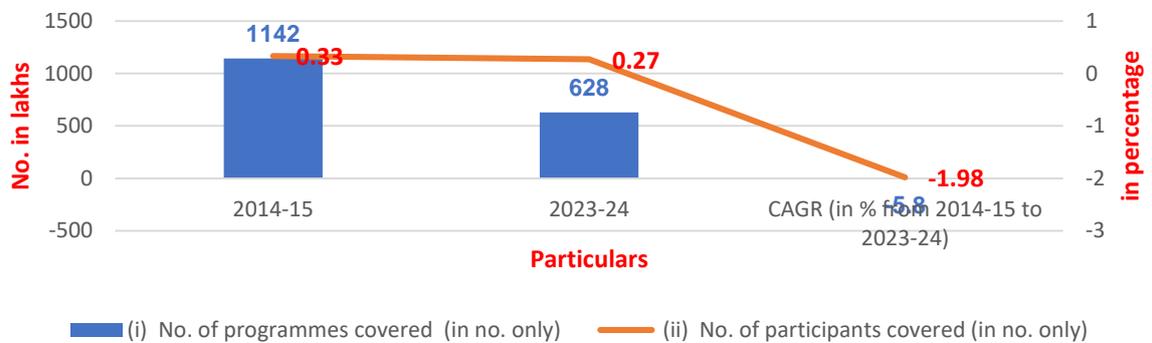
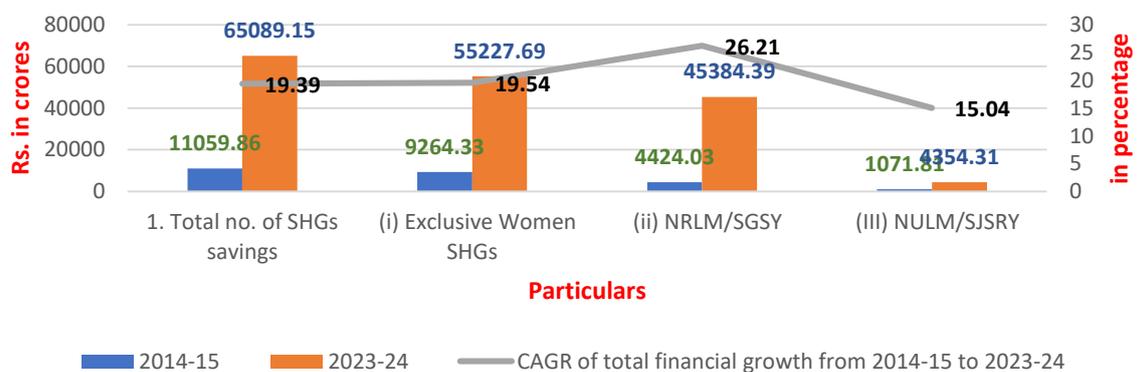


Fig 5. Total Financial Growth of SHGs in terms of Savings



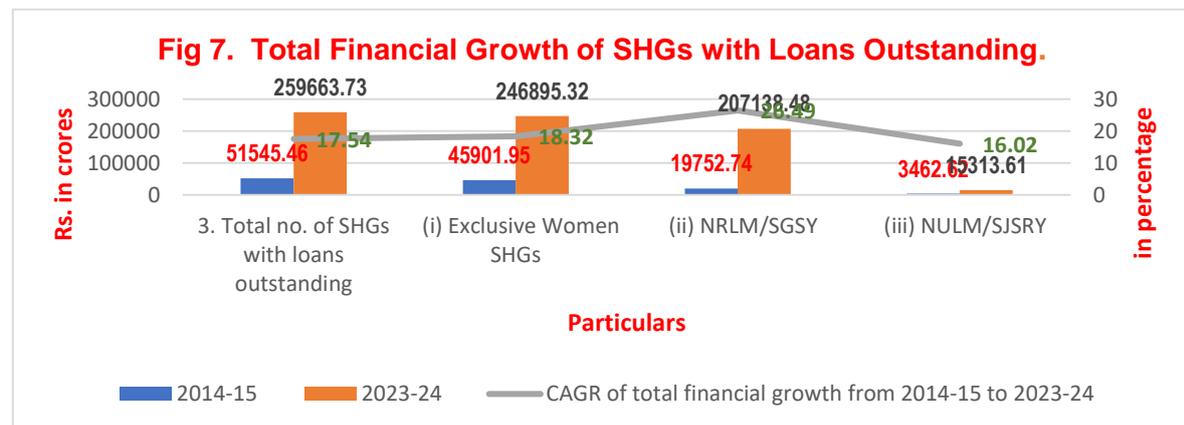
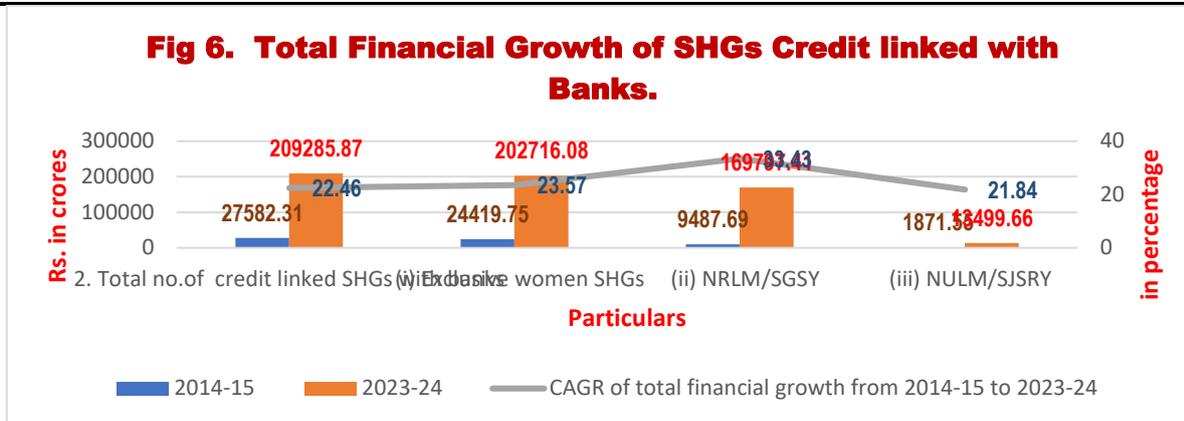


Table no: II. The following table represents the number of SHGs accessing the credit or microcredit from the banks.

Year (1)	No. of SHGs credit linked with banks	Year (2)	No. of SHGs credit linked with banks	Year (3)	CAGR [in %] (for a period of twenty years)
1997-98	5,719	2017-18	22,61,000	1997-98 to 2017-18	134.85
1998-99	18,678	2018-19	26,98,000	1998-99 to 2018-19	28.23
1999-00	81,780	2019-20	31,46,000	1999-00 to 2019-20	20.02
2000-01	1,49,050	2020-21	28,87,000	2000-01 to 2020-21	15.97

Source: NABARD & microfinance (2000-01), p 8; Status of Microfinance in India (2000-01), p 8; (2017-18) p 8; (2018-19) p 6; (2019-20), p 8; (2020-21), p 10. The data was collected from the different year annual reports of Microfinance by NABARD and the CAGR was calculated by Ms. Shweta Singh, shwetasingh697@gmail.com, May,2025.

Table number II. presents the number of SHGs accessing micro-credit from the banks in two distinct time frames. One starts from 1997-98 to 2000-01 (column 1 of the year) and the other from 2017-18 to 2020-21 (column 2 of the year), also the CAGR is calculated with a span of twenty years, as shown in column 3 of the year in table no. II.

The CAGR shows that the increase in the access to micro-credit by the SHGs credit-linked with banks was highest (134.85%) in the period from 1997-98 to 2017-18 and lowest (15.97%) in the period from 2000-01 to 2020-21. Figure 8 follows the year from 1997-98 to 2000-01; figure 9 pertains to the period from 2017-18 to 2020-21 and figure 10 follows the CAGR of column 3 in Table II.

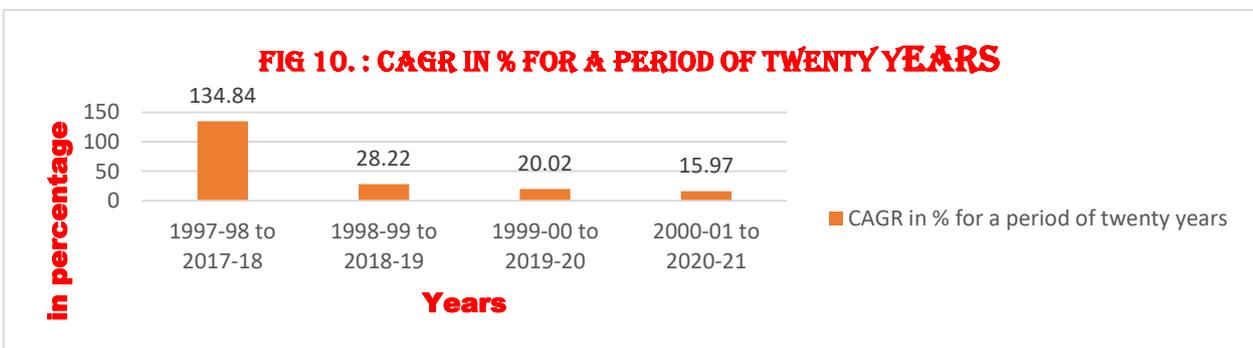
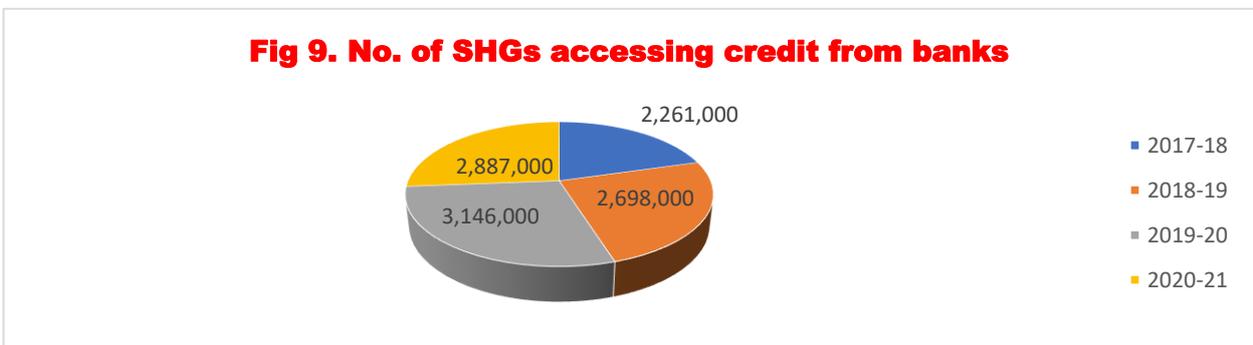
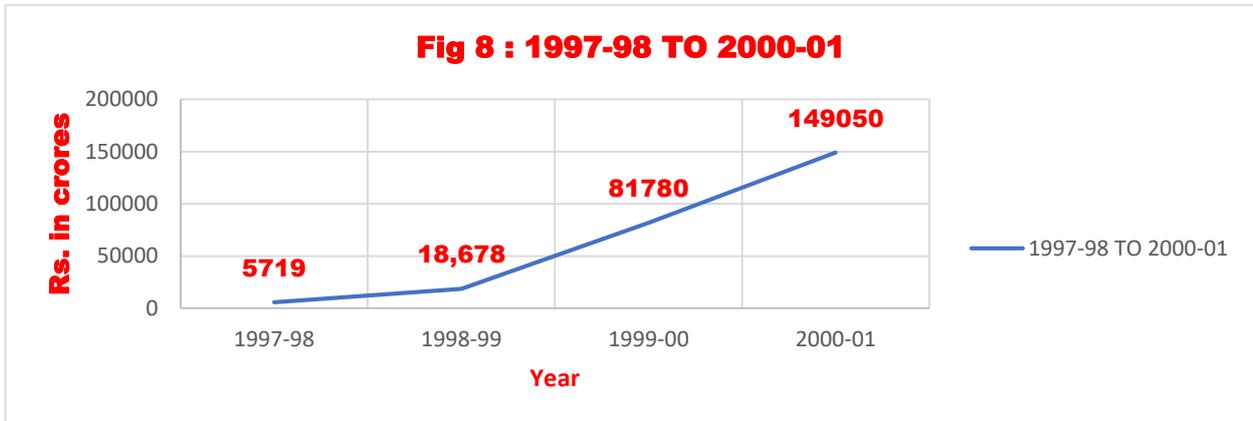
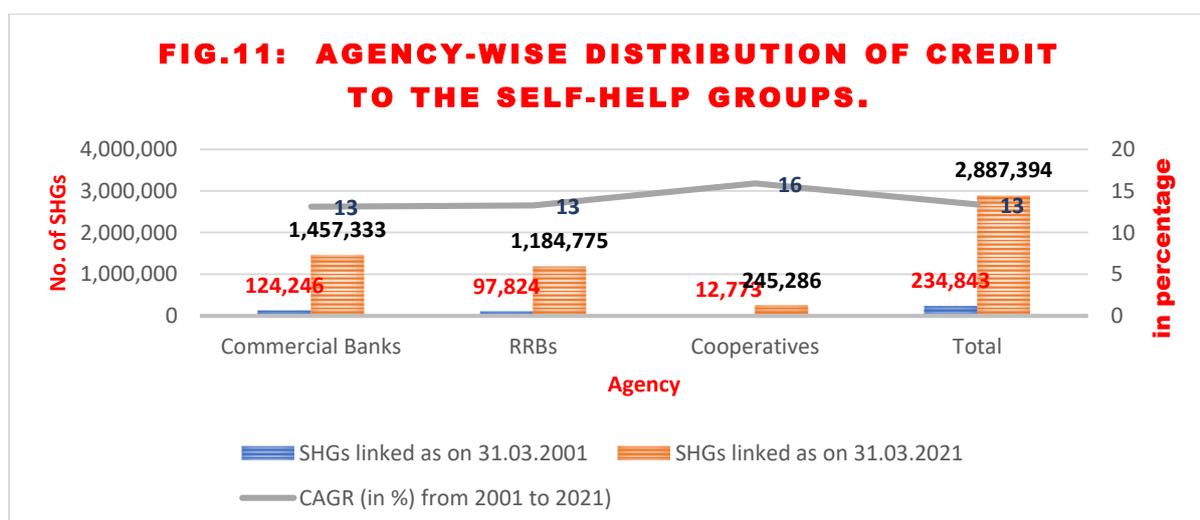


Table no: III. Agency-wise distribution of credit advances to the SHGs for the purpose of micro-credit, for a period of twenty years ranging from 2001 to 2021.

<i>Agency</i>	<i>No. of SHGs credit linked with banks as on 31.03.2001</i>	<i>% share of different agencies</i>	<i>No. of SHGs credit linked with banks as on 31.03.2021</i>	<i>% share of different agencies</i>	<i>CAGR [in %] (from 31.03.2001 to 31.03.2021) For twenty years.</i>	<i>CAGR [in %] (depicts % share of different agencies in credit advances to the SHGs)</i>
Commercial Banks	1,24,246	53	14,57,333	50.47	13.10	-0.24
RRBs	97,824	42	11,84,775	41.03	13.28	-0.12
Cooperatives	12,773	5	2,45,286	8.50	15.92	2.69
Total	2,34,843	100	28,87,394	100	13.37	2.33

Source: NABARD and microfinance (2000-01), p 8; Status of Microfinance in India (2020-21), p 28.

As seen in the above table, the Commercial Banks stands first in the field of micro-credit to the SHGs, followed by the Regional Rural Banks (2nd) and the Cooperatives(3rd). The no. of SHGs credit-linked every year is highest for the Commercial banks, 1,24,246 for 2001 and 14,57,333 for 2021. The percentage share of each agency every year is dropping by small margins except for the Cooperatives, registering a mild rise of 2.69% every year (CAGR % share with a span of twenty years from 2001 to 2021). **Figure number 11 and 12 complements the study of the table no III.**



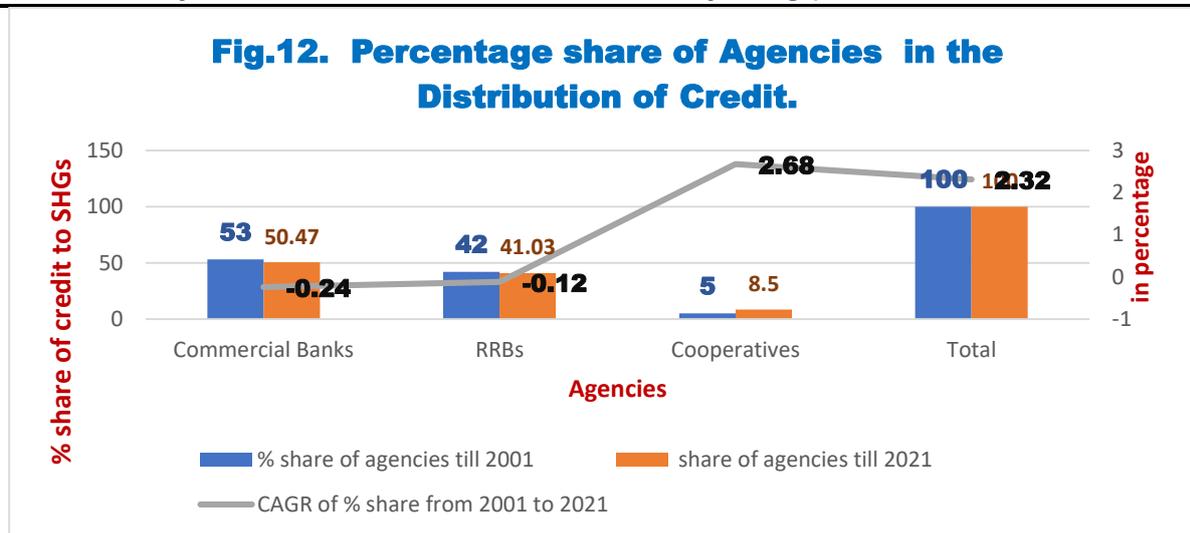


Table no: iV. Overall progress under the SHG-Bank Linkage Programme (SHG-BLP) during the past few years, accompanied by the self-calculated percentage increase or decrease in the important parameters.

(Number in lakh/Amount in Rs. Cr)

Items	2016-17	2017-18	2019-20	2020-21	2021-22	2022-23	2023-24
<i>1.a.) Number of households impacted by the SHG-BLP in India.</i>	10cr	11cr	12.4cr	13.8cr	14.2cr	16.2cr	17.8cr
<i>1.b.) % increase or decrease in the number of households impacted by the SHG-BLP in India</i>	-	10	12.72	11.29	2.89	14.08	9.87
<i>2.a.) No. of SHGs</i>	85 lakh SHGs	87 lakh SHGs	102 lakh SHGs	112 lakh SHGs	119 lakh SHGs	134 lakh SHGs	144 lakh SHGs
<i>2.b.) % increase or decrease in the no. of SHGs</i>	-	2.35	17.24	9.80	6.25	12.60	7.46
<i>3.a.) Deposits with the SHGs</i>	Rs. 16,114cr	Rs. 19,500cr	Rs. 26,000cr	Rs. 37,477cr	Rs. 47,240cr	Rs. 58,893cr	Rs. 65,089cr

3.b.) % increase or decrease in deposits with the SHGs	-	21.01	33.33	44.14	26.05	24.66	10.52
4.a.) Annual loans given	Rs. 38,800 crore	Rs. 47,000 crore	Rs. 77,000 crore	Rs. 58,000 crore	Rs. 99,729 Crore	Rs. 1,45,200 crore	Rs. 2,09,286 Crore
4.b.) % increase or decrease in annual loans given	-	21.13	63.82	- 24.67	71.94	45.59	44.13
5.a.) Loan Outstanding	Rs, 61,600 crores	Rs. 75,500 crore	Rs. 1,00,000 crore	Rs. 1,03,289 crore	Rs. 1,51,051 Crore	Rs. 1,68,079 crore	Rs. 2,59,664 Crore

Source: *NABARD, 2016-17, p 2; year; 2017-18, p 2; year: 2019-20, p 2; year: 2020-21, p 2; year: 2021-22, p 2; year: 2022-23, p 2; year: 2023-24, p 2, Status of Microfinance in India (from 2016-17 to 2023-24). Percentage increase and decrease calculated by Ms. Shweta Singh.*

Table number IV exhibits the overall performance of the SHGs through the bank-linkage programme of several years (2016-17, 2017-18, 2019-20, 2020-21, 2021-22, 2022-23, and 2023-24). It encompasses the data of seven years. The percentage change in the number of households influenced by the SHG-BLPs in India has shown the mixed results. Initially, there is a rise, in its performance but in the Covid-19 period, it registered a negligible increase of 2.89% in 2020-21, and thereon, this sector paced up really fast. The percentage change in the number of the SHGs was highest (17.24%) for the year 2019-20. Presently, the number of SHGs have risen moderately by a percentage of 7.46% in 2023-24. The percentage change in the deposits by the SHGs was enormous (44.14%) in the year 2020-21. In case of annual loans, the year of 2020-21 registered a decline of -24.67% (due to the impact of COVID-19). In case of loans outstanding also the economy witnessed a rise every year except for the COVID-19 period. This sector of microfinance through the SHGs is no doubt an opposite choice for the women's empowerment and the poverty alleviation in India.

Conclusion:

The first objective of the growth and extent of an increase in the SHGs is justified well through all the parameters given in the table number I (increase in the number of SHGs, savings, credit advanced to them and the loans outstanding, these are given not only in terms of the physical growth but also in terms of financial growth), table number II (examines the access to micro-credits by the SHGs in the different time frames), table III vindicates the contributions of the different agencies in the SHG-BLPs through the Commercial Banks, RRBs and the Cooperatives, for the credit linked programmes, and table number IV is no exception, as the overall progress of the SHG-BLPs in India is well depicted in the form of the number of SHGs impacted

by the bank linkage programmes, deposits by the SHG members, annual loans disbursed to them and the loans outstanding are given in terms of the percentage increase and decrease.

In the same way, the second objective of the assessment of the increments made in the dimension of savings, credit, loans outstanding are attained through table I, II, III and IV.

The third objective, concerning the evaluation of the agency-wise contributions to the SHGs is rationalized through the table number III.

Fourth, the most important objective of fostering a closeness between the SHGs and the women empowerment is accomplished through all the above-mentioned tables I, II, III and IV. As the majority of the participants of the SHGs in India are the women folk and they are the major beneficiaries of these programmes and policies of the Central and the State Governments, RBI and NABARD. These institutions from the beginning itself have evolved the various tools and financial instruments, programmes, schemes for their wellbeing. The services like savings, credit, insurance, pensions, micro-leasing forms the crux of the microfinance through SHGs benefitting the women in the elevation of their standard of living. The government in collaboration with the appropriate bodies, needs to provide a congenial atmosphere for its better fortune to secure the wellbeing of its stakeholders.

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