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SELF-HELP GROUPS (SHGs) AND RURAL WOMEN ECONOMIC EMPOWERMENT IN UTTAR PRADESH: A CRITICAL REVIEW OF LITERATURE

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ABSTRACT
The present study analyses the role of SHGs in empowering rural women economically through financial inclusion in Uttar Pradesh state of India. The SHG movement was strengthened through their linkage to banks under SHG-Bank Linkage and DAY-NRLM programmes, and has significantly contributed the rural women by integrating them in formal mode of financial inclusion. As the women's economic empowerment is viewed as a multidimensional process which involves resource access, power of decision making and agency. The study is based on review of the studies within the span of 2010-2025, and the findings shows that these in study region the self-help groups enhanced their economic independence by providing them the facilities of credit access, developing and promoting savings, and income integrating activities. Also, these groups improving their confidence and social participation and in some regions the impact remains uneven due to disparities of the regions, weaker linkages to the market of SHGs and limited skill development of women. Finally, the study concludes that these groups are effective tool for economic empowerment of women, but it should be needed to improve their outcomes through their better approach to institutional credit access, skill related training, integration of SHGs with market and a stronger institutional support.
KEYWORDS: *Self-Help Groups, Women Empowerment, Microfinance, Uttar Pradesh, Rural Development, DAY-NRLM, Gender Equality.*

1.0 INTRODUCTION
For women's empowerment and their financial inclusion, the Self-Help Group movement is one of the world's largest and successful initiative in rural regions in India. This movement began gaining the movement after the launch of SHG-Bank Linkage Programme through NABARD in 90's of the last era (Rashmi, 2017; Pandey, 2023; Lohani & Ram, 2024). The launching of this programme was aimed to link the poor women from rural regions to the formal banking system (Dutta, 2025; Nagouda et al., 2022). At present SHG movement in India started operating largely run under National Rural Livelihood Mission (NRLM), in the year 2011 in the Banswada district of Rajasthan and renamed in February 2016 by the Ministry of Rural Development as a flagship poverty alleviation programme as DAY-NRLM (Chatterjee, 2016; Priyanka, 2026; Lohani et al., 2024). Build on NABARD model it focuses on mobilizing the poor rural households especially women into SHGs and providing continuous handholding, capacity building, skill development, and livelihood support (Dash & Das, 2023). As of recent years, India has over 90.90 lakh SHGs (pib.gov.in) mostly women-led groups empowering them economically and in other dimensions, reducing their dependency on informal sector for money-lending and improving grassroots leadership among rural women. NABARD's this evolution from SHG-linkage to the comprehensive NRLM has transformed the Self-Help Groups (SHGs) into vibrant community institutions for driving the financial inclusion and rural development in India.

The empowerment of women is a key driver of inclusive economic development, as it is a tool to integrate the capabilities of women into mainstream growth (Amita, 2022). It is a multidimensional process from which they gain ability regarding their strategic life choices, can overcome from different constraints (i.e., socio-cultural), and able to participate actively in economic, social and political spheres (Kumari, 2024; Magar, 2024). It also furtherly involves in enhancing the status of marginalised women by ensuring them to access resources, decision-making autonomy, and also the freedom from norms which restrict them (Kaur & Kamini, 2023; Chand & Saha, 2025) moving forward in life. Additionally, the empowerment also promotes self-reliance, independence and confidence in them (Prasad, 2018). As highlighted by Kabeer, empowerment also involves their agency through 'voice' and 'exit', which is supported by resources and finally it is reflected in their behavioural, cognitive and relational dimensions (Kabeer, n.d.). So, empowerment is a dynamic process which is aimed at achieving dignity and equality in society in sustainable development manner.

2.0 PROBLEM STATEMENT
Numerous studies in past although examined the empowerment of women and their financial inclusion through SHGs in India, there is a lack of study which compare their performance in different regions of Uttar Pradesh state. Most of the studies across the country highlights the success of groups as bank linkage and rural livelihood mission to improve financial access and socio-economic outcomes (Rashmi, 2017; Pandey, 2023; Lohani & Ram, 2024), but overlook the state and region

comparison specific dynamics. As the study region with its distinct socio-economic conditions and disparity among different regions, requires focused analysis. This gap restricts a comprehensive understanding of their effectiveness in the state. Hence, a targeted study is necessary to evaluate the region wise disparities, impact and policy relevance in state.

3.0 OBJECTIVES OF THE REVIEW

1. To study the concept of SHG and Women Empowerment.
2. To synthesis the National aur Uttar Pradesh level studies regarding SHG & Women Empowerment.
3. To analyse the impacts of SHGs on empowerment of women.
4. To provide policy suggestions to improve or enhance the performance of SHGs in empowerment of women.

4.0 REVIEW OF LITERATURE / THEORETICAL FRAMEWORK

4.1 National Level Studies

Various studies across the country regarding the Self-Help Groups were done time by time and the collective analysis demonstrates a strong and consistent impact on empowerment of rural women in all the dimensions (i.e., economic, social and psychological). Studies done in past by Rathi (2023), Singh (2013), Raj and Vaish (2023), Deore (2025), Kumari et al. (2020), Pathak (2019), Rajasri et al. (2021), Rai and Dayal (2019), and Badrinath et al. (2017) consistently highlight that these groups enhance the financial independence, social status, self-confidence, power of decision making, and participation in community development of women. These studies reflect that through the access to microfinance, income-generating activities, women are shifting towards more stable livelihoods from survival-based work, they are achieving economic self-reliance, which finally turning into their autonomy in decision making in both household and society too. Self Help Groups are not only poverty alleviation platforms but also recognized to promoting leadership ability, and overall socio-economic development among women.

4.3 Specific Studies on Uttar Pradesh:

The review that was done keeping in mind the chronological order of studies across different districts of Uttar Pradesh, and it examines that how rural women were empowered through SHGs in state and also provides valuable insights about the multidimensional impact of these groups. Together these findings help in comprehensive understanding of SHGs as an instrument for inclusive development in the society. The review finds and highlighted some of the important aspects are categorised below -

4.3.1 Studies Highlighting Strong Positive Impact of SHGs on Women Empowerment:

A study by Rai & Shekhar (2014) shows its focus on saving, self-reliance, and awareness through SHG, Mishra et al. (2018) study conducted in Gorakhpur of state highlighted the financial independence and decision-making power of women. A study by Agrawal et al. (2020) in whole Uttar Pradesh state found that there is improved living standard among the women. Singh (2021) clearly shows the economic, social and political empowerment among women in Poorvanchal region of U.P., Yadav et al. (2022) study highlights the higher financial interdependence among them in district Lucknow of state, Meenu & Rani (2024) connects it with poverty reduction and self-reliance in their study in whole state and study by Tyagi et al. (2025) in whole state shows multidimensional empowerment among women. These studies reflects that Self-Help Groups significantly improve women's economic, social, and sometimes political status and shows that SHGs are a powerful tool for holistic women empowerment.

4.3.2 Studies Highlighting Economic & Financial Inclusion Impact: These studies emphasize improvement of livelihood, access to finance and income generation. As Mishra et al. (2018) study from Gorakhpur region in Uttar Pradesh focuses microfinance and savings behaviour among respondents, Kumar (2024) finds income access and decision-making linked to SHG sustainability in whole state, Dixit & Sen (2025) connects their study in whole state by financial inclusion and the role of public sector banks in regarding, Jadon & Saini (2021) highlighted the linkage of SHG-Bank Linkage in their study for Uttar Pradesh. So, these studies highlights that financial inclusion is one of the strongest and most consistent outcomes of SHGs.

4.3.3 Studies Highlighting Skill Development & Entrepreneurship: Some studies find that these groups have focused on capacity building and diversification of livelihood among the respondents in their respective study regions. Bhadoriya & Prasad (2023) made a study in Siddarth Nagar of U.P. and find these groups enhancing skill and entrepreneurship among women while Agrawal et al. (2020) finds that there is a need for skill development support for women though SHGs and finally shows the clear picture that SHGs are evolving from savings groups to entrepreneurial platforms.

4.3.4 Studies Highlighting Mixed or Moderate Impact / Challenges: These studies acknowledge benefits but also highlight limitations as Rai & Dayal (2018) highlights the limited political empowerment, operational issues in Unnao district, Saurabh et al. (2018) concludes with improvement is present but it is not remarkable while Jadon & Saini (2024) find mixed outcomes in their study in Uttar Pradesh. This finally concludes that the impact of SHGs is uneven due to structural and institutional gaps.

4.3.5 Studies Highlighting Constraints & Need for Institutional Support: Some of the studies from different parts of Uttar Pradesh highlights some of the barriers and policy gaps. A study by Rai & Dayal (2018) done in Unnao district find the resource constraints and also the lack of record keeping by the members of SHGs, Bhadoriya & Prasad (2023) shows the lack of credit and market linkages in district Siddarth Nagar of state, Jadon & Saini (2024) in district Agra find the lack of credit, training and support in their study area. While another study by Dixit & Sen (2025) shows that there is a weak participation of private sector and cooperative banks for SHGs in U.P.

5.0 METHODOLOGY OF THE PAPER SELECTION AND REVIEW PROCESS

The literature review to fulfil the research objectives on SHGs and empowerment in Uttar Pradesh were systematically identified and analysed and searched through multiple academic databases and secondary sources using different key search terms to related topic. The inclusion criteria for this study includes studies published between 2010-2025 focused on SHGs and Women Empowerment and 53 research studies were involved which were screened on the basis of titles and abstracts.

6.0 FINDINGS AND DISCUSSION

The studies which were reviewed according to the objectives of the study discussed consistently shows that these SHGs have finally improved the economic empowerment of women in the state. The members of these SHGs gain access to organised sector credit and loans and also, they were enabled in income-generating activities and entrepreneurship at small scale in the studies done by Mishra et al. (2018), Kumar (2024), and Bhadoriya & Prasad (2023). Studies done by Jadon and Saini (2021) and Dixit & Sen (2025), highlighted the SHG-linked microfinance and bank collaborations which enhanced their financial inclusion and helped them in managing their saving and investments more effectively. During economic crises like COVID-19, SHG members participated in mask and sanitizer production, demonstrating income diversification and livelihood resilience (Rai & Dayal, 2019; Yadav et al., 2022). Meenu & Rani (2024) concludes their study with overall success of these SHGs by providing financial resources, entrepreneurial opportunities, and economic agency which reduce poverty and achieve greater self-reliance.

There are regional variations also in state among eastern part and western/central part of state regarding the empowerment and other factors in the performance of SHGs. Studies like Singh (2021) and Tyagi et al. (2025) highlights high empowerment in eastern part of state due to stronger SHG federations and NGO support while, some studies show moderate economic and social empowerment and weaker market linkages in western/central part of state. There are also key gaps like sustainability (Kumar, 2024; Dixit & Sen, 2025), inadequate training programmes under skill and capacity development (Bhadoriya & Prasad, 2023) and low adoption of digital literacy and market access limits the scalability of enterprise (Tyagi et al., 2025; Dixit & Sen, 2025) highlighted in different studies.

7.0 CONCLUSION AND POLICY RECOMMENDATIONS

The review of the above studies highlights that SHGs have emerged as a powerful and transformative medium for the empowerment of women in the state. These groups are contributing significantly to their financial inclusion, livelihood generation and enhancement of women's agency. These are also evolved into community-based institutions and enhanced the social participation along with economic independence among rural women. However, their impact is not even across regions in Uttar Pradesh and influenced by multiple variations (i.e., capacity building, institutional support, and market integration).

There is essential need for some policy measures for enhancing the effectiveness and sustainability of these SHGs. Strengthening credit-linkage timely and adequate access to formal credit, more and good market access by better integration with the markets is another need for selling effectively the products of SHGs. There should be a need to provide focused skill development and digital inclusion according to the market demand. A strong monitoring mechanism, capacity-building frameworks and to develop an accountability system for improving the performance of Self-Help Groups.

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