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Impact of SHGs on socio-economic empowerment of women in Bihar

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Abstract

Self-Help Groups (SHGs) have emerged as a potent grassroots tool for addressing various social challenges by fostering financial inclusion, social awareness, and economic empowerment. The present study investigates the impact of SHGs on the socio-economic empowerment of rural women in the Banka district of Bihar. The study used a multi-stage sampling technique to select 100 women SHG members from two blocks, Belhar and Katoriya. Data was collected through structured interviews and analyzed using statistical tools. The study found that the SHG participation significantly improved women's decision-making abilities, freedom of movement, control over resources and empowerment at the community level. The study also observed significant increases in income, expenditure, savings and employment generation after joining the SHGs. The enhanced economic condition enabled better financial decision-making and a higher standard of living. SHGs have a transformative impact on the socio-economic lives of rural women in Banka by enhancing their economic stability and community engagement. To support and strengthen SHGs and ensure sustained growth, policy support and interventions for the weaker section of women is needed.

Keywords: Self Help group, women empowerment, socio-economic development, decision-making

Introduction

Women constitute half of the global population and their participation plays a key role in the sustainable development of society. Unfortunately, their access and control over important resources, decision-making opportunities and workforce involvement are restricted for ages compared to their male counterpart in society. Women play significant roles in agriculture and related sectors. This is a long-trusted and overlooked fact. They have mostly remained "invisible workers." They are not recognized as equal partners in the development process. From a development perspective, women's development is acknowledged as an important strategy to strengthen the well-being of individuals, families, communities and government ^[1]. Despite substantial progress in institutional credit expansion over the last few decades, Indian women, particularly from rural areas, have limited ownership in the business, less access to formal financial services, weak credit absorption capacity, and limited scope to participate in institutional interventions. The socio-economic position of people improves as a result of better financial access provided by SHG interventions ^[2]. Today, Self-help groups play an important role in poverty reduction in rural areas ^[3,4].

SHGs are voluntary associations of people created to achieve certain collective goals, which may be economic, social or both. SHGs originated with the Grameen Bank in Bangladesh, founded by Mohammed Yunus in 1975. They have been regarded as an effective tool for assisting the poor and as an alternative mechanism to meet the immediate

credit needs through thrift. SHGs have now evolved as a movement. Consequently, engagement of women in the country's economic development is expanding. Women account for around fifty per cent of the total human resources in our economy. This has helped to accelerate the path of women's empowerment. Yet women are subordinate to men as they are subject to several socio-economic and cultural barriers. The situation is more severe in the rural and backward areas. Women's development initiatives must be prioritized in order to eradicate poverty, boost economic growth and improve the standard of living.

SHGs in India have emerged as an important grassroots method to poverty alleviation and financial inclusion. These groups typically consist of women from the same locality or community who come together to combine their resources, save money, and provide mutual financial help. SHGs provide a platform not only for financial empowerment but also for social and skill development. Furthermore, SHGs serves as information dissemination platforms, promoting education, health awareness, and women's rights. SHGs work together to reduce poverty, empower women, improve communities, and promote inclusive growth throughout India. Rural women have a range of responsibilities and a low social position as a result. Therefore, it is important to improve rural women's economic status so that they can confidently stand on their own two feet in society. Furthermore, little research has been conducted on the impact of SHGs on the socioeconomic development of women in Banka District, Bihar of India. Against this

backdrop, this study investigates whether or not the participation of rural women in SHGs can empower their socioeconomic development.

Materials and Methods

The study was based on primary data collected through personal interviews of the selected respondents with the help of structured and pre-tested schedules. Multi-stage sampling technique was used for the selection of respondents. In Bihar, Banka district was selected purposively. In the first stage, two blocks namely, Belhar and Katoriya were specifically chosen due to low social status of rural women and poor economy. In the second stage, five SHGs were selected randomly, from each block, and from each SHGs 10 women were selected randomly. Thus, a total of 100 women respondent were selected for the study. The data was subjected to simple statistical analysis. The study included dependent variables like decision making, freedom of movement, control over resources, empowerment at community level, level of income, saving, level of expenditure and generation of employment as an indicator of the social empowerment of SHG women. The maximum and minimum scores obtained from the response was divided into the following categories.

S. No.	Score	Range
1.	Low	< mean – standard deviation
2.	Medium	Between mean ± standard deviation
3.	High	> mean + standard deviation

Social Empowerment Index (SEI): The responses received on all four variables of women empowerment were computed by the formula given below. Accordingly, three categories were formed viz. low, medium and high as explained above.

$$SEI = \frac{\text{Sum of social score obtained by respondents}}{\text{Sum of obtainable social empowerment score}} \times 100$$

Paired t-test: The paired sample t-test, sometimes called the dependent sample t-test, was used to calculate whether the mean difference between two sets of observations is zero. In a paired sample t-test, each subject or entity is measured twice, resulting in pairs of observations. In the study the impact of SHG on empowerment of women was observed, before and after joining the group. The test statistic is given as:

$$t = \frac{\bar{x} - \bar{y}}{\sqrt{s^2 \left(\frac{1}{n_1} + \frac{1}{n_2} \right)}}$$

Where,

x = independent sample (before joining SHG)

y = independent sample (after joining SHG)

n₁ and n₂ = size of population

s² is standard deviation of the population

Results and Discussion

Decision-making ability: SHGs leads to significant improvement in socio-economic empowerment, income generation and self-confidence, enhancing their role in

decision-making^[5,6]. In the study area, a similar result was observed among the women of SHGs. Majority of the women in study area had a medium level of decision-making ability, showing that the decisions were made jointly with the SHG members (Table 1). Overall, 55 per cent of the decisions were jointly made with SHG by the women in the study area with 62 per cent in Belhar and 48 per cent in Katoriya block respectively. Only 17 per cent of the decisions were made independently in the study area. This shows that SHGs have a positive impact on women as most of them participated in decision-making.

Table 1: Decision-making ability of women SHGs in Banka

Blocks	Category	Frequency	Percentage
Belhar [n=50]	Low (< 7)	13	26
	Medium (7 to 10)	31	62
	High (> 10)	6	12
Katoriya [n=50]	Low (< 5)	15	30
	Medium (5 to 7)	24	48
	High (> 7)	11	22
Pooled Sample [N=100]	Low (< 6)	28	28
	Medium (6 to 9)	55	55
	High (> 9)	17	17

Freedom of movement: In Belhar, the majority of the women (58%) had a medium freedom of movement (Table 2). Only 14 per cent of the women had high freedom of movement. On the other hand, in Katoriya, 54 per cent of the women had medium freedom of movement and 10 per cent women had a high freedom of movement. Overall in the study area, 68 per cent of the women had medium to high freedom of movement. The study observed that, they can visit their parents' home, apply for a new job and move within the city/village without a male counterpart to a significant level of extent. The study observed a significant change in rural women's freedom of mobility after the participation of rural women in SHGs. The rural women's community recognition increased after the participation of rural women in SHGs^[7].

Table 2: Freedom of movement of women SHGs in Banka

Blocks	Category	Frequency	Percentage
Belhar [n=50]	Low (< 5)	14	28
	Medium (5 to 7)	29	58
	High (> 7)	7	14
Katoriya [n=50]	Low (< 4)	18	36
	Medium (4 to 6)	27	54
	High (> 6)	5	10
Pooled Sample [N=100]	Low (< 4)	32	32
	Medium (4 to 6)	56	56
	High (> 6)	12	12

Control over resources: The majority of the women (58%) in the study area had medium control over resources, like transactions according to need, control over personal salary and freedom to take loan from the bank for personal reasons (Table 3). This was found to highest, around 64 per cent in Katoriya block as compared to Belhar block. Whereas, the control over resources was high with 14 per cent in Belhar as compared to Katoriya. Overall, 31 per cent of the women still had a low control over resources in the study area.

Table 3: Control over resources of women SHGs in Banka

Blocks	Category	Frequency	Percentage
Belhar [n=50]	Low (< 5)	17	34
	Medium (5 to 8)	26	52
	High (> 8)	7	14
Katoriya [n=50]	Low (< 3)	14	28
	Medium (3 to 5)	32	64
	High (> 5)	4	8
Pooled Sample [N=100]	Low (< 4)	31	31
	Medium (4 to 6)	58	58
	High (> 6)	11	11

Empowerment at community level: The majority of the respondents of Belhar had a medium empowerment (70%) at the community level, whereas, for Katoriya it was only 56 per cent (table 4). Only 6 per cent of the women had high empowerment at the community level in the study area. The empowerment of women at the community level was medium (63%). They feel free to participate in the communities' activities; their decisions were accepted and their recognition increased in the community. One possible reason for this could be women's SHG participation results in higher household incomes and easier access to financing [3].

Table 4: Empowerment of women SHGs at community level in Banka

Blocks	Category	Frequency	Percentage
Belhar [n=50]	Low (< 5)	12	24
	Medium (5 to 7)	35	70
	High (> 7)	3	6
Katoriya [n=50]	Low (< 3)	19	38
	Medium (3 to 5)	28	56
	High (> 5)	3	6
Pooled Sample [N=100]	Low (< 5)	31	31
	Medium (5 to 6)	63	63
	High (> 6)	6	6

Social empowerment index: The social empowerment gives women an important place in her family and society, and right to enable her to make use of available resources. It results in development of self-confidence, self-esteem and self-respect [8]. In the study area, it was observed that the majority of the respondents had a high social empowerment index of about 63 per cent (Table 5). Belhar block had more social empowerment index as compared to Katoriya block. Whereas, high social empowerment (18%) was seen for the Katoriya block. There was reduction in gender biasness as well as an increased participation in social activities in the study area. Nearly 24 per cent of the respondents had a low social empowerment index in the study area.

Table 5: Social empowerment Index of women SHGs in Banka

Blocks	Category	Frequency	Percentage
Belhar [n=50]	Low (< 25)	8	16
	Medium (25 to 29)	38	76
	High (> 29)	4	8
Katoriya [n=50]	Low (< 19)	16	32
	Medium (19 to 22)	25	50
	High (> 22)	9	18
Pooled Sample [N=100]	Low (< 22)	24	24
	Medium (22 to 26)	63	63
	High (> 26)	13	13

Empowerment of women: A woman is said to be economically empowered when she gains power as a result of increased access to economic resources. The means of achieving economic empowerment are to increase income, access to finance, ability to make decisions regarding the utilization of money/credit in the family and SHG is one such developmental tool in that direction.

(i) Level of income: People's standard of living is primarily determined by their income. SHG members' incomes have grown after joining the SHGs. As a result, they are able to meet their own personal expenses and contribute more to their household income and expenditure. It is evident from Table 6 that the annual income of the respondents increased after joining the SHG. In Belhar block the mean score of annual income of members before joining SHG was found to be Rs. 6088, and after joining SHG was found to be Rs. 6315. The t-value was found to be 4.65, which was significant at 5% level of significance. The level of income increased more in the Katoriya block after joining the SHG. The mean score of annual income of members before joining SHG was found to be Rs. 6110 which after joining SHG was found to be Rs. 7488. The t-value was 6.74, which was significant at 5% level of significance.

Table 6: Change in level of income of women SHGs in Banka

Blocks	Annual Income (Rs)	Mean Score		't'-value
		Before joining SHG	After joining SHG	
Belhar	Upto 25000	6088	6315	4.65**
Katoriya		6110	7488	6.74**

(ii) Level of expenditure: There has also been an increase in expenditure as SHG members' incomes have improved. The additional money created by SHG initiatives allows members to spend more wisely and freely on family necessities. It is evident from Table 7 that before joining the SHG, the expenditure was less for both blocks. In Belhar block the mean score of annual expenditure of members before joining SHG was found to be Rs. 611.4 and after joining SHG it increased to Rs. 1227.4. The result was significant at 5% level of significance. In Katoriya block the mean score of annual expenditure of members before joining SHG was found to be Rs. 455.4, and after joining SHG was found to be Rs. 1274.4. The result was found to be significant at 5% level of significance. The increase in the expenditure level was found to be more for the Katoriya block. These findings revealed a strong correlation between income enhancement and family expenditure, which can be done by encouraging women to form groups and participate in livelihood activities [9].

Table 7: Change in level of expenditure of women SHGs in Banka

Blocks	Annual Expenditure (Rs)	Mean Score		't'-value
		Before joining SHG	After joining SHG	
Belhar	Upto 2500	611.4	1227.4	14.37**
Katoriya		455.4	1274.4	13.22**

(iii) Savings: One of the primary goals of a SHG is to inculcate the habit of saving in its members. Savings practices allow women to harness their resources and lessen

their need on external aid. Savings can be used to create additional assets or to acquire homes and consumables. Ensuring credit facilities to the members are the result of their disciplined saving habits. The study found that SHGs are an effective agent for mobilizing savings (Table 8). In Belhar block the mean score of annual savings of members before joining SHG was found to be Rs.1977 which increased to Rs. 2056 after joining the SHG and was significant at 5% level of significance. A similar significant difference was found in Katoriya block. In Katoriya block the mean score of annual saving of members before joining SHG was found to be Rs. 1976 which after joining the SHG increased to Rs. 2079.

Table 8: Change in savings of women SHGS in Banka

Blocks	Annual Saving (Rs)	Mean Score		't'-value
		Before joining SHG	After joining SHG	
Belhar	Upto 5000	1977	2056	8.46**
Katoriya		1976	2079	11.40**

(iv) Generation of employment: One of the primary causes of poverty in rural India is unemployment. Women are mostly responsible for household tasks and have few opportunities to earn money. Employment gives purchasing power, and as more family members work, the family's economic well-being improves. SHGs play a crucial role in generating employment opportunities for women, particularly in rural areas, by fostering financial independence and skill development ^[10]. These groups provide a platform for women to access microfinance, learn new skills, and establish small businesses, contributing to both individual empowerment and community development. In the present study, the sampled respondents of SHG are getting additional employment opportunities by involving different production activities. Employment generated through women SHG is shown in Table 9. In Belhar block the mean score of employment days per annum of members before joining SHG was found to be 78.08 which increased to 86.36 after joining the SHG. The result was found to be significant at 5% level of significance. In Katoriya block the mean score of employment days per annum of members before joining SHG was found to be 78.52 which increased to 88.88 after joining SHG and was significant at 5% level of significance.

Table 9: Change in employment level of women SHGS in Banka

Blocks	Employment days per annum	Mean Score		't'-value
		Before joining SHG	After joining SHG	
Belhar	Upto 300	78.08	86.36	8.21**
Katoriya		78.52	88.88	8.67**

Additional job boosts both the individual's and the family's income, raising the family's standard of living. Economic empowerment refers to a woman gaining authority as a result of improved access to economic resources. Economic empowerment is achieved by increasing income, gaining access to financing, and having the ability to make decisions about how money and credit are used in the family, and

SHGs are one such developmental instrument in this direction.

Conclusion

Self Help Groups is one of the effective means of empowerment of women to facilitate rural development, building solidarity and socio-economic betterment of the poor. The Self Help Group in Banka has made a significant contribution to the wellbeing of women. The current study not only showcased the positive development of women through SHGs but also reinforces the general notion about the positive effect of SHG on its members. Being associated with the SHG, the women of Banka district had a better decision-making ability, greater freedom of movement for job/other places, more empowered at the community level. They also had more control over personal salary and freedom to take loan. The formation of SHG by women was also contributory in employment generation, improving the standard of living as observed through their enhanced expenditure on household activities. Additionally, it encouraged the habit of savings which is important for good financial discipline. SHG evolved as a significant tool for poverty eradication and empowerment of marginalized sections of society. Considering the vulnerability of women on multiple levels and their evidence-based contribution, SHGs require further policy support. It is also recommended that appropriate provisions be established to encourage entrepreneurial spirit among women, particularly for socially weaker sections of society. A focused and target-specific facilitating approach needs to be developed to provide necessary assistance to each of these SHGs for their growth. It is especially important because the progress of these SHGs will eventually contribute to the general empowerment.

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