



EMPOWERING RURAL WOMEN THROUGH SHGS: EVIDENCE FROM BIHAR

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Abstract

This study explores the role of Self-Help Groups (SHGs) in promoting multidimensional empowerment among rural women in Bihar. Using a mixed-methods approach and the WHO Community-Based Rehabilitation (CBR) Matrix, the research analyzes outcomes across five key domains: health, education, livelihood, social participation, and empowerment. Data were collected from 120 SHG members and 30 non-members across three districts using structured questionnaires and focus group discussions. The findings reveal that SHG membership significantly enhances women's access to healthcare, literacy levels, household income, participation in community decision-making, and self-confidence. SHG members consistently outperformed non-members across all indicators, demonstrating the critical role these collectives play in reducing gender-based disparities and fostering inclusive development. The study further highlights the indirect benefits of SHGs, such as improved children's education and greater freedom of mobility. However, challenges such as caste-based exclusion, limited access to markets, and dependency on external facilitators remain. The study concludes that SHGs are not only vehicles of financial inclusion but also strategic platforms for social transformation. Strengthening institutional support, improving training, and ensuring equity within SHGs are essential to sustaining their impact and replicating their success across other low-resource regions.

Keywords: Self-Help Groups (SHGs); Women's Empowerment; Rural Development; Livelihood; Social Inclusion; Financial Inclusion

1. Introduction

The socioeconomic condition of women in rural Bihar continues to reflect deep-seated structural inequalities shaped by patriarchal norms, limited access to education, and restricted economic opportunities. A significant portion of the female population in Bihar remains dependent on informal labor, subsistence agriculture, or household-based economic activities, often performed without fair remuneration or recognition. In addition to income poverty, rural women frequently encounter barriers to healthcare, credit access, land ownership, and meaningful participation in decision-making processes, both within households and the wider community. These intersecting constraints have perpetuated a cycle of economic marginalization and social exclusion for generations.

In recent decades, Self-Help Groups (SHGs) have emerged as a transformative model to address these challenges. Initiated as grassroots collectives primarily among rural women, SHGs aim to foster financial inclusion, social solidarity, and community empowerment through small savings, internal lending, and collective action. Supported by state and central government initiatives such as the National Rural Livelihood Mission (NRLM), SHGs in Bihar have grown rapidly in both number and scope. Beyond their

original function of microfinance facilitation, these groups have increasingly taken on broader developmental roles—enhancing women’s leadership, promoting entrepreneurship, facilitating access to welfare schemes, and supporting health, education, and livelihood initiatives.

However, while national-level evaluations have highlighted the contributions of SHGs in advancing women’s empowerment and poverty alleviation, there is a scarcity of context-specific empirical studies focused on the distinct experiences and outcomes within Bihar. Given the state’s unique socio-cultural dynamics, high incidence of rural poverty, and gender disparities, it becomes imperative to assess how SHGs function within this environment and what tangible impacts they have on the lives of their members. Previous studies conducted in other low-resource settings, such as the SHG model in Kilifi, Kenya, have illustrated the importance of collective action in enhancing caregiver wellbeing, improving livelihood security, and building resilience amidst crises such as the COVID-19 pandemic. Yet, Bihar-specific evidence on the sustainability, challenges, and long-term empowerment outcomes of SHGs remains limited in scope and depth.

This study therefore seeks to fill this research gap by systematically analyzing the role of SHGs in empowering rural women in Bihar. It investigates not only economic indicators such as income generation and access to credit but also non-economic dimensions of empowerment including self-confidence, social mobility, community participation, and quality of life. The paper draws on field data from selected districts to explore the ways in which SHG membership transforms the lives of women in diverse domains. By contextualizing the analysis within Bihar’s rural development framework and linking it to global literature on empowerment and resilience, this study aims to offer both theoretical insights and policy-relevant recommendations for scaling up inclusive and sustainable development models in India’s underserved regions.

2. Literature Review

Empowerment is a multidimensional process through which individuals and groups gain greater control over decisions and resources that affect their lives. In the context of rural development, especially in low-income regions like Bihar, empowerment encompasses not just access to income or credit, but also improvements in education, health, social participation, and psychological well-being. Within this framework, SHGs have emerged as one of the most influential grassroots institutions for facilitating empowerment, particularly among rural women.

2.1 Conceptual Framework of SHGs and Women’s Empowerment

SHGs are typically small, voluntary associations of individuals—predominantly women—who come together to form a savings and credit collective. Over time, these groups evolve into platforms for capacity building, social solidarity, and collective problem-solving. The theoretical underpinning of SHGs lies in Amartya Sen’s capability approach, which emphasizes expanding individuals’ real freedoms and choices. SHGs promote both economic and non-economic capabilities by enabling access to credit, promoting entrepreneurship, facilitating participation in local governance, and providing a forum for mutual learning and support. The idea of empowerment through collectives also draws on Paulo Freire’s theory of conscientization, which asserts that individuals become empowered when they critically reflect on their conditions and act collectively to transform them. In SHG settings, this translates to women developing awareness of their rights, challenging patriarchal norms, and participating in decision-making at household and community levels.

2.2 SHGs in India and Their Expansion in Bihar

In India, the SHG movement gained momentum in the 1990s, supported by initiatives like the SHG-Bank Linkage Programme of NABARD and, later, the NRLM. Bihar, a state with historically low female literacy, high poverty levels, and deep-rooted gender inequalities, adopted the SHG model as a central pillar of its rural development policy. The BRLPS under the “Jeevika” program has facilitated the

formation of over 10 lakh SHGs, touching the lives of nearly 1.4 crore rural women as of 2023. Several studies have documented the positive outcomes of SHG participation in Bihar, including increased household income, enhanced access to health and nutrition services, better awareness of government schemes, and improved mobility and confidence among women (BRLPS, 2022). However, these outcomes vary significantly across caste, geography, and educational levels. Caste hierarchies and gender norms often restrict lower-caste or Muslim women from fully participating or leading SHGs, raising questions about inclusivity and equitable empowerment.

2.3 Economic and Social Impacts of SHGs

SHGs have played a pivotal role in enhancing economic empowerment by facilitating micro-enterprise development, livestock-based livelihoods, and access to formal financial institutions. A study by Swain and Wallentin (2009) found that SHG members in India showed significantly higher levels of decision-making power, financial independence, and income-generating capacity compared to non-members. In Bihar, too, evidence suggests that SHGs have enabled women to contribute to family income and attain a more respected status within the household. Beyond income, SHGs contribute to social empowerment by enhancing women's mobility, access to information, and collective bargaining power. Women in SHGs often participate more actively in Gram Sabha meetings, Panchayati Raj Institutions (PRIs), and community-based monitoring of public services like PDS, health centers, and schools. SHGs also serve as platforms for addressing gender-based violence, early marriage, dowry, and alcoholism, particularly when linked with support from NGOs or women's rights organizations.

2.4 Multidimensional Assessment Frameworks: The CBR Matrix and Quality of Life

Most SHG studies have focused on economic indicators, but there is growing recognition of the need for holistic frameworks to assess empowerment. The Community-Based Rehabilitation (CBR) Matrix developed by the WHO provides a comprehensive five-pillar structure—Health, Education, Livelihood, Social Participation, and Empowerment—that can be used to evaluate the multifaceted impacts of community-based interventions like SHGs. Similarly, instruments like the Adult Carer Quality of Life Questionnaire (AC-QoL), though originally designed for caregivers, offer adaptable indicators to assess changes in wellbeing, emotional resilience, and community integration. These frameworks were applied in the Kilifi (Kenya) study by Bunning et al. (2025), where self-help groups among caregivers of disabled children were evaluated during the pre-pandemic, pandemic, and post-pandemic periods. The study highlighted how SHGs helped sustain food security, healthcare access, and psychological wellbeing even in adverse conditions. The groups acted not just as economic units, but as resilience-building mechanisms, enabling members to adapt to crisis and continue livelihood activities through innovation and cooperation. The Kenyan experience resonates with conditions in rural Bihar, where poverty, exclusion, and climate-related vulnerabilities demand similar community-driven models for sustainable development.

2.5 Gaps in Bihar-Focused SHG Literature

Although the scale of SHG proliferation in Bihar, empirical literature specific to the region remains limited, particularly in areas such as long-term sustainability, intra-group dynamics, caste-based exclusion, and non-economic dimensions of empowerment. Most impact assessments are conducted by programmatic agencies and lack rigorous peer-reviewed evaluation. Moreover, little is known about the coping mechanisms of SHGs during large-scale shocks such as the COVID-19 pandemic or floods, which frequently affect Bihar's rural economy. Another critical gap lies in understanding the intergenerational impacts of SHG membership—how women's improved agency affects children's education, health, and gender attitudes. Furthermore, the role of digital literacy, e-commerce, and technology-based market access through SHGs is a largely underexplored area, especially in the post-pandemic context where digital transformation is reshaping rural livelihoods.

3. Methodology

This study employs a mixed-methods approach to examine how Self-Help Groups (SHGs) empower rural women in Bihar. Research was conducted in the districts of Gaya, Nalanda, and Purnia, selected for

their socio-economic diversity and strong SHG presence under the Jeevika program. A purposive sample of 120 SHG members and 30 non-member women was drawn to allow comparative analysis. Data collection involved structured questionnaires focusing on income, savings, credit access, decision-making, and service utilization, alongside focus group discussions (FGDs) guided by the WHO's Community-Based Rehabilitation (CBR) Matrix. Key informant interviews with local leaders and BRLPS officials added contextual depth. Quantitative data were analyzed using SPSS, while qualitative data were coded thematically. Ethical approval was obtained, and all participants gave informed consent with confidentiality maintained throughout.

4. Results

The results of the study, derived through a mixed-methods approach including structured questionnaires and focus group discussions (FGDs), provide compelling evidence that SHGs serve as effective platforms for empowering rural women across multiple dimensions. The analysis follows the five domains of the World Health Organization's CBR Matrix (Health, Education, Livelihood, Social Participation, and Empowerment) to ensure a comprehensive and structured interpretation of the findings. The comparative analysis between SHG members and non-member women across selected districts in Bihar reveals clear disparities in access, participation, and outcomes, favoring those affiliated with SHGs. The table below presents the core indicators measured under each domain:

Table 4.1: SHG Members vs Non-Members in Bihar (CBR Matrix Framework)

CBR Domain	Indicator	SHG Members (%) / ₹	Non-Members (%) / ₹
Health	Access to primary health services	84%	53%
	Ability to afford medical expenses	71%	39%
Education	Children enrolled in school	91%	67%
	Female literacy rate	64%	42%
Livelihood	Average monthly income (INR)	₹5,200	₹2,900
	Access to formal credit or bank loans	78%	34%
Social Participation	Participation in Gram Sabha/Village meetings	68%	26%
	Freedom to go outside without male permission	72%	29%
Empowerment	Participation in household decision-making	74%	41%
	Confidence to speak in public forums	61%	24%

Domain-Wise Analysis and Interpretation

A. Health Domain: The data reveal a significant improvement in health-related access and affordability among SHG members. Approximately 84% of SHG women reported having access to basic primary health services such as government health centers, ASHA workers, or mobile health camps, compared to only 53% of non-members. Moreover, 71% of SHG women stated they could afford regular or emergency medical expenses, demonstrating the financial buffer provided through SHG savings and credit mechanisms. This indicates that SHGs play an indirect but impactful role in enhancing health security among rural women.

B. Education Domain: Children's school enrollment rates were notably higher among SHG women (91%) than their non-member counterparts (67%). This suggests that empowered women are more likely to prioritize education within the family. Furthermore, 64% of SHG women themselves were literate, in

contrast to only 42% among non-members. Many respondents acknowledged that SHG participation increased their exposure to adult education initiatives, reading skills, and informational meetings, particularly those linked with government schemes and digital literacy drives.

C. Livelihood Domain: Economic empowerment emerged as one of the strongest outcomes of SHG participation. The average monthly income among SHG members was ₹5,200, nearly double the ₹2,900 reported by non-members. This increase in income was attributed to small-scale entrepreneurial activities such as poultry farming, tailoring, agri-processing, and vegetable vending initiated with SHG loans. Furthermore, 78% of SHG members reported successful access to formal credit institutions such as banks or microfinance agencies, compared to just 34% of non-members. These figures reinforce the role of SHGs in fostering financial inclusion, sustainable livelihoods, and access to productive capital.

D. Social Participation Domain: SHG members also demonstrated significantly higher civic engagement. About 68% participated actively in Panchayat meetings, Gram Sabhas, or community events, as opposed to only 26% of non-members. FGDs revealed that SHGs act as preparatory platforms where women collectively learn how to articulate concerns and engage with local governance. Moreover, 72% of SHG members reported the ability to go outside the home without seeking male permission, compared to 29% of non-members. This shift indicates an increase in mobility, self-confidence, and a reduction in social restrictions, contributing to greater autonomy.

E. Empowerment Domain: Perhaps the most critical transformation is seen in the empowerment domain. Around 74% of SHG women were involved in household decision-making (whether related to children's education, health, or finances) while this figure stood at 41% among non-members. Additionally, 61% of SHG members reported confidence in speaking at public forums, a significant contrast to only 24% of non-members. These indicators underscore the rise in psychological empowerment, leadership qualities, and communication skills nurtured within SHGs.

Synthesis of Findings

The findings from all five domains collectively demonstrate that SHG membership acts as a multidimensional catalyst for rural women's empowerment in Bihar. By improving access to services, increasing economic opportunities, enabling public participation, and fostering self-belief, SHGs go far beyond microfinance. They function as transformative social institutions that address structural inequalities and build resilient communities. This evidence-based analysis reaffirms the relevance of SHGs in achieving the objectives of inclusive development, gender equity, and grassroots sustainability. It also highlights the need for continued support, capacity-building, and policy alignment to ensure the long-term success and scalability of the SHG model.

5. Discussion

The results of this study clearly establish that SHGs function as transformative institutions in rural Bihar, enabling women to transcend traditional socio-economic barriers. Anchored in the WHO's CBR Matrix, the findings confirm that SHGs contribute significantly to multidimensional empowerment, reflected in improved access to healthcare, better educational outcomes, increased income, enhanced community participation, and strengthened decision-making capacity. The study's first objective (*to examine how SHGs influence women's livelihood, education, health, and social participation*) is fulfilled through the evidence of statistically significant differences between SHG members and non-members across all five CBR domains. In the health domain, SHG women reported markedly better access to health services and the ability to manage medical expenses.

These outcomes suggest that regular group savings and internal lending mechanisms allow women to better handle routine and emergency health expenditures. Moreover, the support systems within SHGs improve health awareness, especially around maternal and child health, which is crucial in regions like Bihar that still struggle with poor public health indicators. Within the education domain, the study reveals a direct connection between SHG participation and higher school enrollment rates of children, as well as increased female literacy. SHG membership not only raises awareness about the value of education but also facilitates access to welfare schemes like school scholarships, cycles for girls, and adult literacy programs. The culture of peer motivation within SHGs further encourages women to learn, read, and engage in record-keeping, building their confidence and communication skills.

The livelihood domain showcases some of the most significant impacts. SHG women reported nearly double the income levels of non-members, primarily due to their engagement in microenterprises supported by collective savings and access to institutional credit. These economic activities range from dairy, poultry, and tailoring to agri-based processing and small trading. Access to loans without dependence on informal moneylenders reduces exploitation and allows women to invest in income-generating activities. This finding aligns with national studies that position SHGs as a foundation for inclusive rural entrepreneurship. In terms of social participation, SHG members exhibited higher engagement in public events, Gram Sabha meetings, and Panchayat processes. This demonstrates a shift from domestic confinement to public assertion. More importantly, the study identifies a significant increase in women's mobility without male supervision—a key indicator of changing gender norms. This suggests that SHGs play a vital role not only in economic empowerment but also in promoting gender equality at the community level. The fifth domain, empowerment, captures the psychological and behavioral transformation of SHG women. The data show that SHG members are more confident in expressing opinions, making household decisions, and speaking in public. These changes reflect deeper structural empowerment—moving beyond access to resources toward self-belief, identity, and agency. The group environment fosters mutual support, problem-solving, and a collective voice that enhances women's confidence to engage with local institutions, government officials, and markets. This multidimensional impact confirms that SHGs are not limited to financial inclusion; rather, they foster sustainable, rights-based empowerment. However, it is also important to note some contextual limitations. Field observations revealed that empowerment outcomes vary depending on caste, education level, and the quality of SHG facilitation. Women from marginalized castes often face exclusion from leadership roles within SHGs. Furthermore, while access to credit has improved, some women reported challenges in navigating bank procedures or repaying loans due to market risks and lack of skill training.

Thus, while the overall outcomes of SHG participation are positive, their long-term sustainability depends on the quality of group functioning, capacity-building, institutional convergence, and supportive family and community environments. The study emphasizes the need for policy support to address these disparities and ensure that SHGs remain inclusive, participatory, and development-oriented. This discussion reinforces the idea that SHGs in Bihar are catalysts for structural transformation. They enable rural women to assert control over their lives, participate in the public sphere, and contribute meaningfully to household and community development. Their multidimensional nature makes them essential instruments for achieving the goals of gender equity, inclusive growth, and rural resilience in the Indian development context.

6. Conclusion

This study concludes that SHGs have emerged as powerful instruments for transforming the socio-economic and psychological status of rural women in Bihar. Through an evidence-based analysis rooted in the WHO CBR Matrix, it is evident that SHG membership significantly enhances women's access to healthcare, promotes education for themselves and their children, increases income and access to formal credit, improves social mobility, and strengthens decision-making and self-confidence. The multidimensional nature of this empowerment demonstrates that SHGs are not merely financial entities but also platforms for building resilience, agency, and collective voice among women, particularly those from vulnerable and marginalized communities.

The findings affirm that SHGs help women overcome traditional barriers, enabling them to participate more actively in family, economic, and public life. The contrast between SHG members and non-members across all indicators underscores the necessity of expanding such participatory platforms in regions where women remain socially and economically constrained. However, the study also highlights the contextual challenges of caste-based exclusion, bureaucratic obstacles, limited market linkages, and dependency on

external facilitators. These issues point toward the need for sustained institutional support and capacity-building interventions to ensure the long-term effectiveness and inclusivity of SHGs. In conclusion, SHGs in Bihar represent not only a grassroots movement for women's empowerment but also a strategic policy tool for rural development, gender justice, and community-led governance.

7. Policy Implications

To maximize the transformative potential of SHGs in Bihar and other similar socio-economic settings, the following policy measures are recommended:

- A. Strengthen Institutional Convergence:** There is a need for stronger linkages between SHGs and various government schemes, including health, education, agriculture, and social welfare. Integrating SHGs with panchayats, health workers, and school authorities can enhance service delivery and increase women's access to entitlements.
- B. Ensure Inclusion of Marginalized Groups:** Special attention must be paid to ensuring that SC, ST, OBC, and Muslim women are not only included in SHGs but also have opportunities for leadership and decision-making. Reservation of leadership positions, targeted training, and grievance redressal mechanisms can help ensure equity and participation.
- C. Expand Capacity Building and Skill Development:** Regular training programs focusing on financial literacy, bookkeeping, digital skills, product marketing, and entrepreneurship are essential. Linking SHGs with Krishi Vigyan Kendras, rural haats, and digital platforms can make their businesses more competitive and sustainable.
- D. Facilitate Access to Formal Credit and Markets:** SHG-bank linkage should be streamlined with simplified documentation, lower interest rates, and doorstep banking services. Women should also be connected with e-commerce channels and local procurement markets to expand their income opportunities.
- E. Support Psychological Empowerment and Social Norm Change:** Policy must recognize that empowerment is not only economic but also emotional and psychological. Programs should invest in awareness generation, legal literacy, and community dialogues to challenge regressive norms and build confidence in women as agents of change.
- F. Monitor, Evaluate, and Localize:** Impact assessments of SHG performance should be made district-specific and gender-sensitive. Localized monitoring tools should include not only financial outcomes but also social indicators like mobility, participation, and self-confidence.

In summary, SHGs hold immense potential to drive inclusive, sustainable, and gender-just development. With the right institutional support, policy orientation, and social safeguards, SHGs in Bihar and beyond can lead the way toward a more equitable and resilient rural economy.

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