

Impact of Self-Help Groups on Women's Economic and Social Empowerment: Evidence from Rural Odisha

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Abstract: Women's empowerment through sustainable livelihood opportunities remains a major challenge in rural India. Self-Help Groups (SHGs) have emerged as an effective grassroots mechanism for promoting women's financial inclusion, entrepreneurship, and social empowerment. This study examines the impact of SHG participation on financial liberty, living conditions, and decision-making autonomy among rural women in the Khalikote block of Ganjam district, Odisha, under Mission Shakti initiatives.. The study employs a quantitative research design based on primary data collected from 148 women members of 54 SHGs across 18 villages and 9 panchayats. A structured questionnaire with 154 items was administered using a five-point Likert scale. Three hypotheses were tested relating to improvement in financial condition ($\geq 75\%$), living conditions ($\geq 80\%$), and independent decision-making ($> 70\%$). The findings reveal a strong positive impact of SHG participation. Among respondents who reported income-related data, 98% experienced improved financial conditions, reflected in higher income, enhanced banking confidence, improved loan repayment capacity, and access to livelihood opportunities. All respondents who reported on living conditions (100%) indicated improvements in housing, consumption patterns, health, education, and household economic contribution. More than 99% of participants reported increased decision-making autonomy and self-confidence, although external social recognition remained limited. The study concludes that SHGs act as powerful instruments of women's economic and social empowerment in rural Odisha, highlighting the need for strengthened

Keywords: Self-Help Groups, rural women, financial liberty, living conditions, decision-making, Odisha

Introduction

From the earliest stages of human civilization, individuals and communities have aspired to secure sustainable livelihoods that ensure dignity, autonomy, and a decent standard of

living. While India has made notable strides in science, technology, and economic development, the social position of women has not advanced at the same pace. Despite their increasing participation in both domestic and public spheres, women continue to experience gaps in social and economic empowerment. These inequalities are rooted in unequal access to education, economic resources, social mobility, and political opportunities. Globally too, no nation—regardless of its level of advancement—has achieved full gender parity in decision-making, career progression, or equitable participation in all domains of human activity.

In this context, the rise of women-led micro-enterprises has emerged as an important pathway for inclusive and community-based development. This is particularly visible in rural India, where women's participation in formal employment structures remains limited. The Self-Help Group (SHG) model has gained recognition as a transformative mechanism for strengthening women's financial capabilities through collective savings, microcredit, and small-scale entrepreneurship (NABARD, 2020). However, despite the rapid growth of SHG-driven enterprises, concerns remain regarding their long-term viability and ability to scale.

Rural women in India face economic dependency and limited agency, but Self-Help Groups under initiatives like Mission Shakti offer pathways to change. This study investigates perceptions among SHG members in Khalikote, Ganjam, where low education amplifies collective support's value. Agriculture remains the predominant occupation in Ganjam, supported by fertile soil and favorable agro-climatic conditions. Major crops include paddy, groundnut, sugarcane, oilseeds, ragi, and legumes such as mung and biri. However, the district's coastal location makes it highly vulnerable to cyclones, leading to recurring losses in agriculture and fisheries. In response, initiatives like Swayamsiddha have been introduced to strengthen disaster preparedness among women and enhance SHG resilience.

New livelihood activities aligned with market demand—such as floriculture, orchid cultivation, and kewda are being promoted among SHGs. Special convergence initiatives, including farm implements dealerships and seed village programs managed by SHGs, are also being planned. These efforts align with the national vision of Atmanirbhar Bharat, which emphasizes self-reliance and skill-based livelihood development. In Odisha, Mission Shakti remains a cornerstone of this movement toward women's economic and social empowerment. A comprehensive 154-question survey captured multidimensional impacts across 9 panchayats, 18 villages, and 54 SHGs (n=148). Hypotheses focus on entrepreneurship-driven outcomes. Findings from spreadsheet analysis affirm SHGs' role in fostering financial liberty, better living standards, and autonomy, despite gaps in external validation.

Review of Literature

Self-Help Groups (SHGs) have emerged as one of the most significant grassroots interventions for promoting women's empowerment in rural India. Rooted in principles of collective action, mutual support, and microfinance, SHGs aim to enhance women's economic independence while simultaneously addressing social and psychological dimensions of empowerment. A substantial body of literature documents the positive role of SHGs in improving income, living standards, and decision-making power among rural women.

Several studies emphasize the role of SHGs in economic and financial empowerment. Access to savings, internal lending, and bank linkage programs has enabled women to reduce dependency on informal moneylenders and meet household financial needs more effectively. Ben and Yadav (2024) highlight that SHG participation improves financial literacy, savings behaviour, and entrepreneurial capacity, thereby strengthening women's control over economic resources. Similar findings are echoed in national-level reviews, which identify SHGs as key drivers of financial inclusion and poverty reduction among rural women.

Empirical research from Odisha provides strong regional evidence supporting these conclusions. Hossain, Mishra, and Atibudhi (2022) found that SHG members reported higher income levels, increased savings, and improved employment opportunities compared to non-members. Their study also observed enhanced participation of women in household financial decisions, although the degree of empowerment varied with education and age. Studies conducted in districts such as Puri and Rayagada further confirm that SHG participation contributes to asset creation, improved housing conditions, and better access to health and education services (Mishra, 2021; IOSR, 2013). Improvement in living conditions is another widely reported outcome of SHG involvement. Literature indicates that increased and stabilized income enables women to invest in nutrition, children's education, sanitation, and housing. Mishra (2021) observed that SHG members experienced noticeable improvements in quality of life and social status within their communities. These findings align with broader reviews suggesting that economic gains through SHGs often translate into enhanced household well-being and material security.

Beyond economic indicators, SHGs significantly influence decision-making autonomy and social empowerment. Studies grounded in Sen's Capability Approach argue that empowerment extends beyond income to include agency, confidence, and the ability to make strategic life choices. Chaitra and Indira (2018) demonstrate that SHG members show greater participation in decisions related to health care, children's education, credit utilization, and asset ownership. National-level reviews similarly report increased self-confidence, communication skills, and leadership qualities among SHG women.

However, the literature also acknowledges persistent challenges and limitations. While SHGs improve economic participation, they may not fully dismantle entrenched gender norms or social hierarchies. Some studies report continued dependence on external borrowing and limited recognition of women's contributions beyond the household or SHG context. Varghese and Swain (2009) caution that empowerment outcomes are uneven and often constrained by structural factors such as low education, restricted market access, and patriarchal norms.

Policy-oriented literature stresses that the sustainability and depth of SHG impact depend heavily on institutional support, capacity-building initiatives, and access to markets. Reviews emphasize the need for skill development, entrepreneurship training, and social awareness programs to complement financial interventions. Without such support, SHGs risk remaining limited to micro-credit functions rather than serving as holistic empowerment platforms.

Overall, existing literature strongly supports the view that SHGs play a transformative role in enhancing rural women's financial stability, living conditions, and decision-making autonomy. At the same time, it highlights the need for targeted interventions to address persistent socio-cultural and economic barriers. The present study builds upon this literature by providing quantitative evidence from rural Odisha, further strengthening the empirical understanding of SHGs as instruments of women's empowerment.

Research Methodology

The research is designed to study the impact of Self-Help Groups (SHGs) on the lives of the rural female participants. There is a perception that lives of women who become a member of the SHG get positively impacted in multiple dimensions. In order to investigate the perception a quantitative study is designed. The primary data relating to 2025 were collected using five stage sampling procedure. The district, the blocks, the panchayats, the villages and the SHGs constituted in the sampling frame. Ganjam district was purposively selected for this study due to its socio-economic, institutional, and geographical characteristics, which make it a relevant and representative context for examining the impact of Self-Help Groups (SHGs) on women's empowerment. The district has a high concentration of rural women engaged in agriculture and allied activities, where livelihood insecurity, seasonal employment, and income vulnerability are common. These conditions make SHG-based interventions particularly significant for enhancing financial stability and social empowerment.

Ganjam is one of the key districts in Odisha where Mission Shakti and National Rural Livelihood Mission (NRLM) initiatives have been actively implemented, resulting in widespread formation and functioning of women-led SHGs. The presence of a mature

SHG network provided an appropriate setting to assess entrepreneurship-driven empowerment outcomes, including financial liberty, improved living conditions, and decision-making autonomy. Nine blocks, 18 villages and 54 SHGs were selected for data collection purposes. A questionnaire with 154 questions was designed to capture the responses of the participants. The responses were captured in a Likert scale with a range from 1 to 5. In Ganjam district of Odisha, Khalikote area is selected to conduct the study. With the help of the local village heads most of the SHGs were identified.

Participants were interviewed individually and the responses were recorded in hard copies. The education level of the participants is moderate to low. Hence most of them were not able to read the questionnaire which is in English. The questions were explained to them in the vernacular language and response was sought. Some of the participants were not able to respond to certain questions. In such cases the response was considered blank. For this study a section of the response was considered for testing the following hypothesis.

Hypothesis

Hypothesis 1: The financial condition of at least 75% of the members of the SHG has improved through entrepreneurship.

Hypothesis 2: At least 80% of the members of the SHG believe that their living conditions have improved due to their empowerment.

Hypothesis 3: More than 70% of the SHG members believe that they are able to take independent decisions related to their own life and their children's lives through entrepreneurship.

All data collected were converted to a spread sheet for analysis.

The data collected in the previous section was analyzed based on the fundamental assumption that all responses provided by participants were accurate, honest, and given in good faith. It was further assumed that every respondent fully understood the Likert rating scale used in the survey and interpreted its values consistently. These assumptions allowed for the reliable interpretation of self-reported perceptions and experiences. In order to maintain the integrity and validity of the analysis, responses where participants abstained from answering questions relevant to specific hypotheses were removed from the dataset for those respective hypotheses, ensuring that the conclusions were drawn only from complete and relevant responses.

For each relevant question, an average score was calculated. Responses were categorized as follows:

- Scores of 4 and 5 were classified as positive
- A score of 3 was considered neutral
- Scores of 1 and 2 were classified as negative

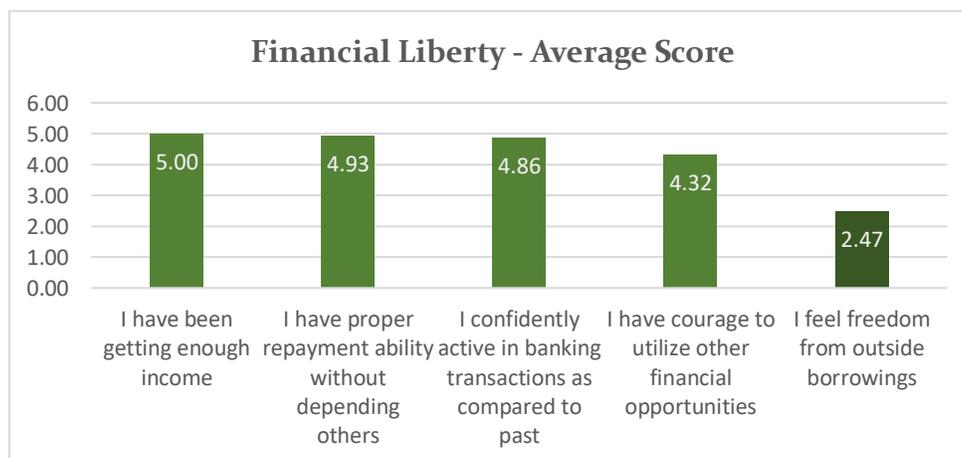
In the assessment of the research hypotheses, three major analytical sections were identified and used as the basis of evaluation. The first section, Financial Liberty, examined whether the financial condition of at least 75% of the Self-Help Group (SHG) members had improved through their engagement in entrepreneurial initiatives supported by the SHG.

The second section, Living Conditions, evaluated the hypothesis that participation in the SHG had empowered at least 80% of members to believe that their living conditions had significantly improved due to the support and skills gained through the group.

The third section, Social Benefits (Decision-Making), explored whether more than 70% of SHG members felt capable of making independent decisions related to their own lives, as well as decisions concerning their children, as a result of enhanced confidence and autonomy achieved through entrepreneurship and SHG involvement. Together, these analytical dimensions provided a comprehensive understanding of economic, social, and personal empowerment outcomes derived from participation in the SHG collective framework.

Data Analysis and Results

The analysis revealed significant improvement in the financial conditions of the respondents following their participation in the support groups. Out of the 148 respondents, 112 shared information on their income and among these, 110 reported an increase in income after joining the support group. This indicates that 98% of those who responded experienced financial improvement. Specific areas of improvement include the ability to earn adequate income, increased confidence in banking transactions, improved loan repayment ability without depending on others, and increased willingness to pursue financial opportunities. However, freedom from external borrowings remains low, reflecting a continued dependency on external financial sources.



Source: Author's own computation

Fig 1. Average score of financial liberty of the participants

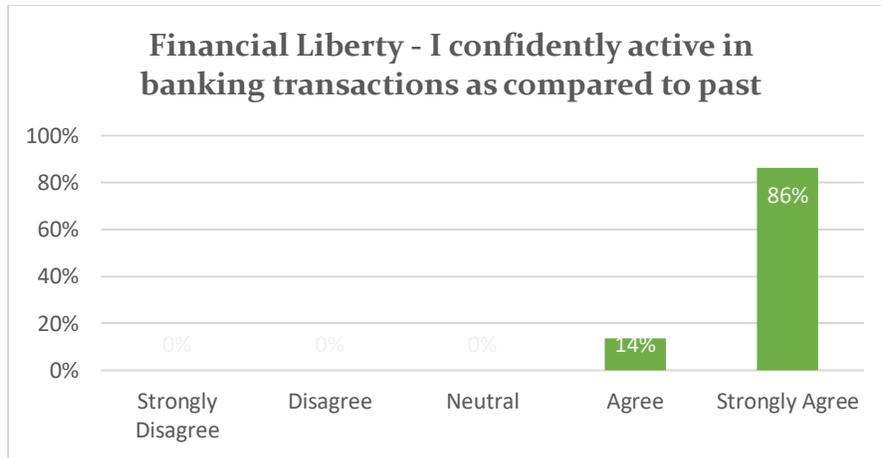


Fig 2. Financial liberty of the participant’s activeness in banking sector

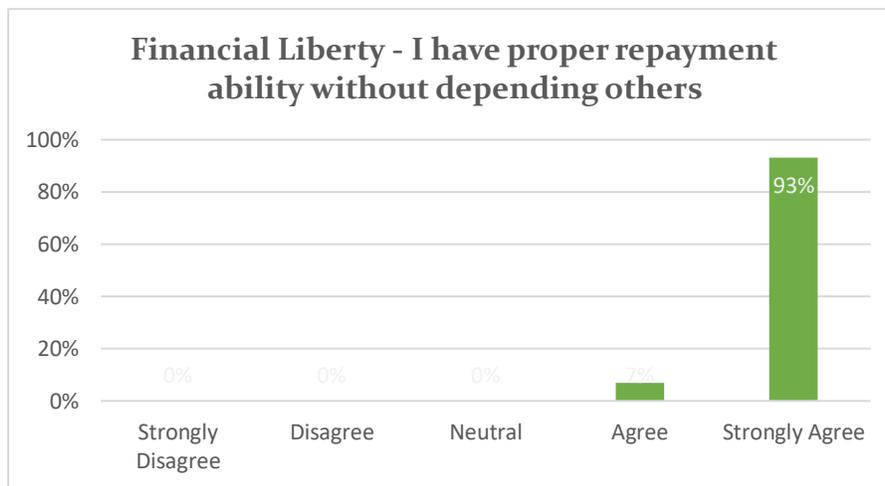


Fig 3. Financial liberty of repayment without depending on others

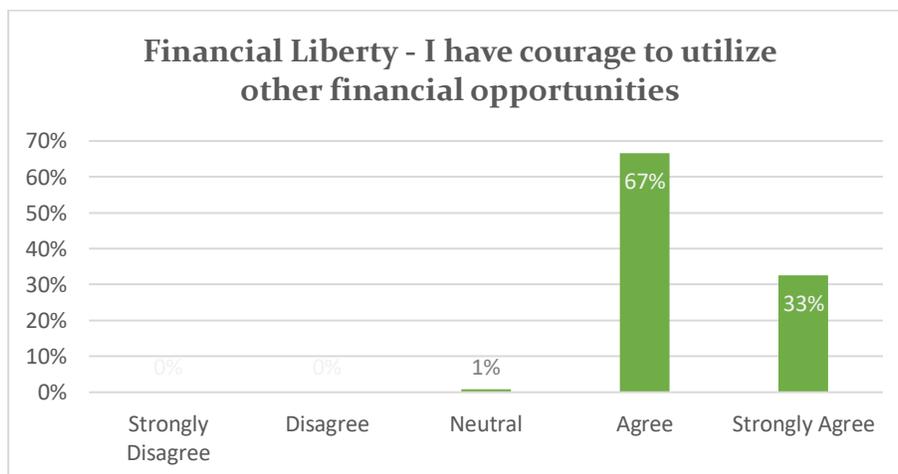


Fig 4. Financial liberty to utilize other opportunities



Fig 5. Financial liberty of earning their livelihood

Figures 1 to 5 collectively illustrate the dimensions of financial liberty experienced by the respondents after joining the Self-Help Groups. Figure 3 presents the overall average score of financial liberty, indicating a generally high level of financial improvement among the participants. Figures 2 and 3 highlight respondents' activeness in banking activities and their ability to repay loans independently, respectively. The results show a substantial increase in confidence in banking transactions and improved repayment capacity without reliance on others, reflecting enhanced financial self-reliance. Figure 4 demonstrates respondents' increased ability to utilize additional financial and livelihood opportunities, suggesting growing economic awareness and initiative. Figure 7 focuses on the respondents' capacity to earn their own livelihood, showing strong positive outcomes in income-generating ability. Despite these gains, the figures collectively suggest that freedom from external borrowing remains comparatively lower, indicating continued dependence on external financial sources. Overall, the graphical analysis confirms that SHG participation has significantly strengthened financial liberty, while also revealing areas where further financial inclusion and support are required.

In terms of living conditions, 132 respondents provided relevant information, and all 132 respondents (100%) reported improved living conditions after joining the support group, suggesting a highly positive impact on their socio-economic situation.

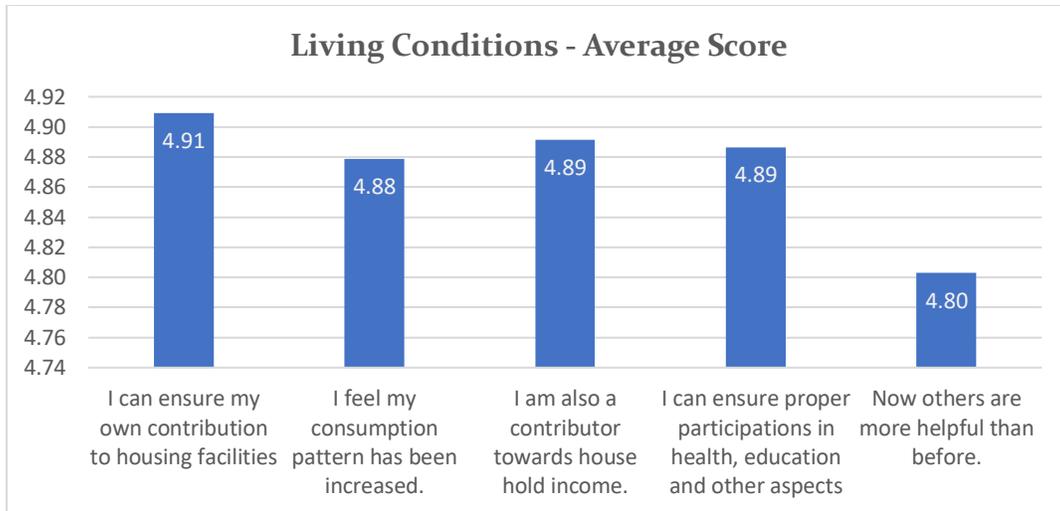


Fig 6. living conditions on different parameters and the average score

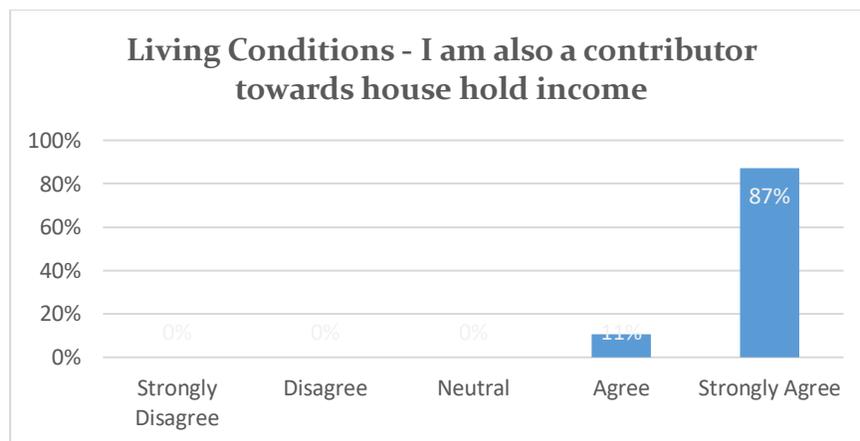


Fig 7. Living conditions of the participants as contributors to household income

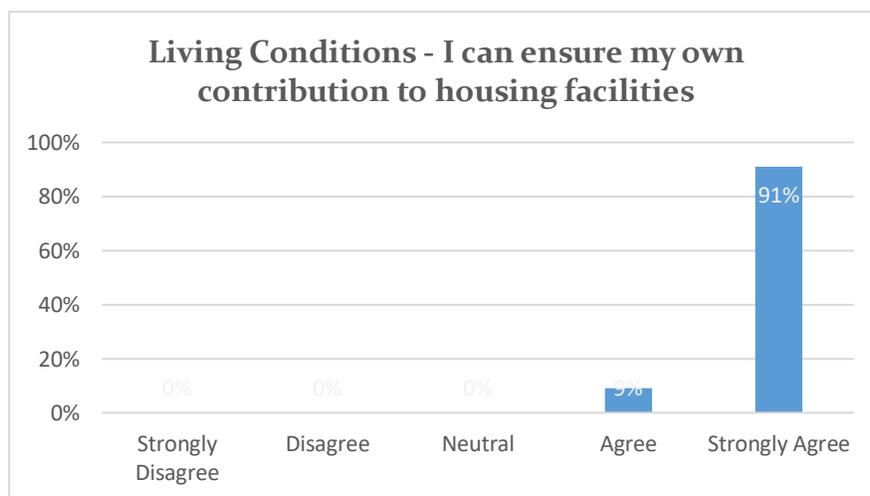


Fig 8. Living conditions of the participants as contributors to housing facilities

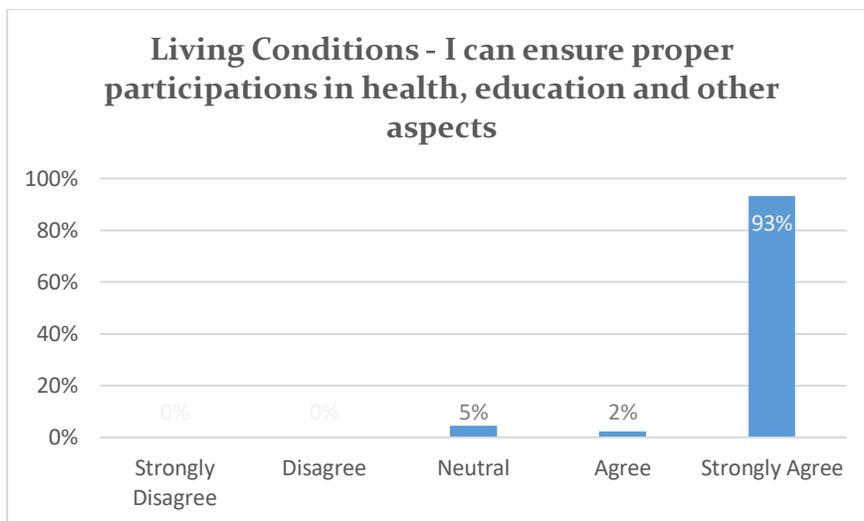


Fig 9. Living conditions of the participants as ensuring health education and other aspects of their family members

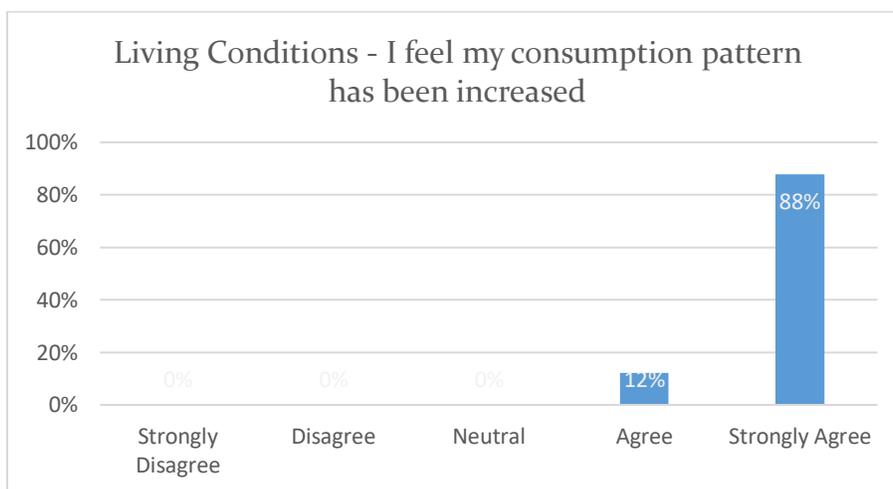


Fig 10. This graph portrays the living conditions of the participants as contributors to household income and a change their consumption pattern

Figures 6 to 10 collectively depict the improvements in the living conditions of the respondents following their participation in Self-Help Groups. Figure 6 presents the average scores across multiple parameters of living conditions, indicating a consistently high level of improvement in overall socio-economic well-being. Figure 7 highlights the role of participants as contributors to household income, showing that SHG involvement has enhanced women’s economic participation within the household. Figure 8 focuses on improvements in housing facilities, reflecting better access to housing-related resources and improved physical living environments. Figure 9 illustrates respondents’ contributions toward ensuring health, education, and other essential needs of family

members, demonstrating positive changes in welfare-oriented household decisions. The final graph further indicates noticeable changes in consumption patterns, suggesting improved purchasing capacity and more informed household expenditure. Taken together, these figures confirm that SHG participation has had a uniformly positive and comprehensive impact on the living conditions of the respondents, strengthening their economic contribution, household welfare, and quality of life.

Regarding decision-making ability, 132 respondents provided feedback on decision-making and social empowerment. Over 99% reported increased independence in making decisions related to their own lives and their children. However, only 39% stated that their neighbors recognize or value their suggestions, indicating limited societal acknowledgement of their empowered role.



Fig 11 Rise in decision making

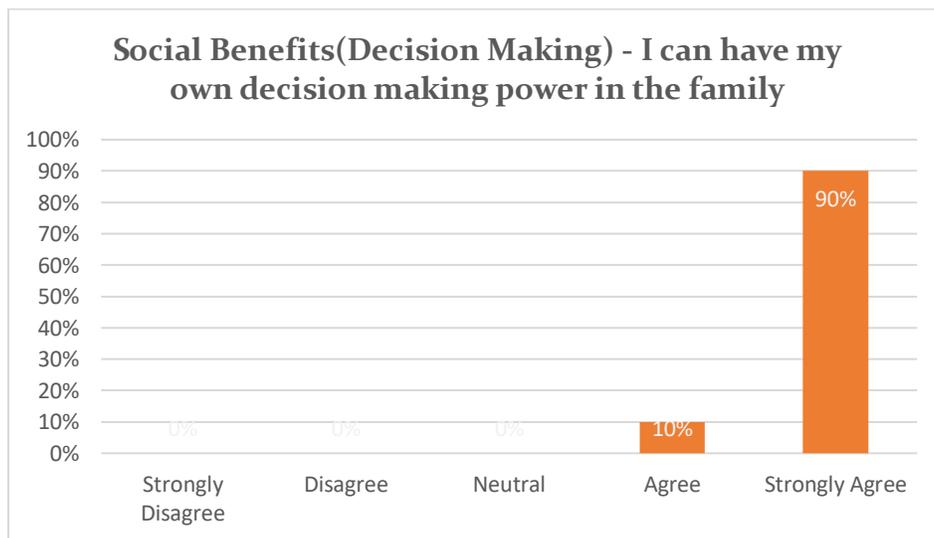


Fig12. The graph shows social benefits- decision making power in family

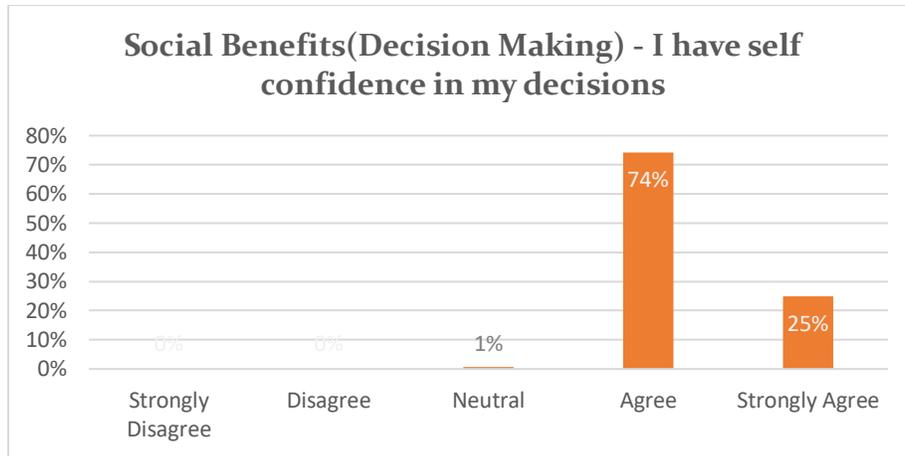


Fig13. The graph shows social benefits-Self-confidence of participants

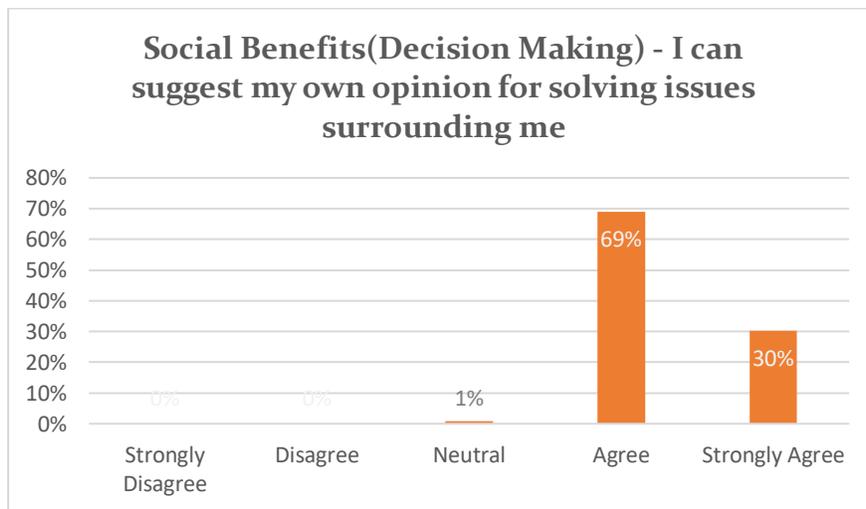


Fig14. The graph shows social benefits the participants can give opinions

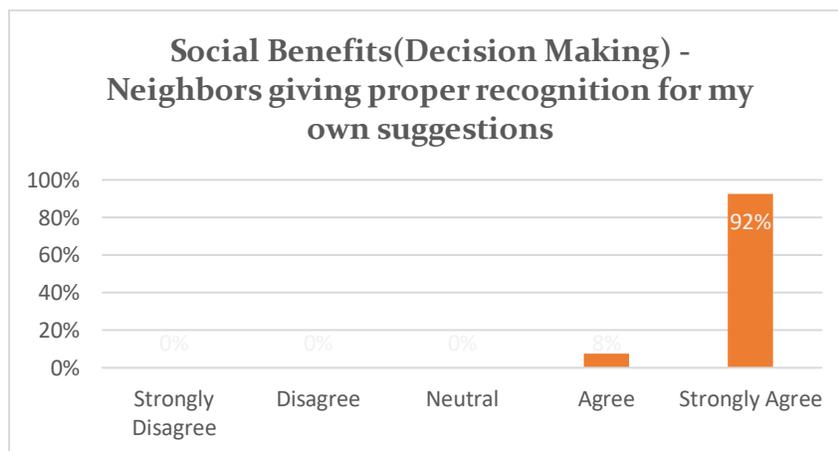


Fig 15. The graph shows social benefits recognition and social value

Figures 11 to 15 collectively illustrate the enhancement of decision-making ability and social empowerment among the respondents after joining the Self-Help Groups. Figure 12 demonstrates a marked rise in overall decision-making capacity, indicating that the majority of participants experienced increased independence in matters concerning their personal lives and their children. Figure 12 further highlights improved decision-making power within the family, suggesting greater participation of women in household-level choices. Figure 13 reflects a substantial increase in self-confidence among the participants, an essential component of social empowerment. Figure 14 shows that most respondents feel capable of expressing their opinions openly, both within the household and in group settings. However, Figure 15 reveals a comparatively lower level of recognition and social value from neighbors and the wider community, with only a minority of respondents reporting that their suggestions are acknowledged. Overall, the figures indicate that while SHG participation has significantly strengthened internal empowerment—such as confidence, autonomy, and family-level decision-making—external social recognition remains limited, highlighting the need for broader community-level sensitization and social acceptance initiatives.

Conclusion

This study underscores that Self-Help Groups (SHGs) have emerged as a powerful institutional mechanism for fostering women's economic independence in rural Odisha. By enabling access to microcredit, encouraging savings habits, and promoting income-generating activities, SHGs have significantly enhanced women's participation in household and community-level economic decisions. Beyond measurable financial gains, SHGs have contributed to intangible yet transformative outcomes such as increased self-confidence, leadership skills, social mobility, and collective bargaining power. These changes reflect a gradual shift in traditional gender roles and a strengthening of women's agency within both family and society.

However, the transformative potential of SHGs is not without constraints. Challenges such as limited market access, inadequate financial literacy, dependence on external agencies, uneven group performance, and persistent socio-cultural barriers continue to restrict the long-term sustainability and scalability of SHG-led empowerment. Addressing these challenges requires a more integrated approach involving capacity building, skill upgradation, digital and financial inclusion, market linkage support, and responsive institutional frameworks. Policy interventions must move beyond credit-centric models to focus on holistic empowerment that combines economic, social, and educational dimensions.

In conclusion, SHGs in rural Odisha represent more than a livelihood strategy; they function as catalysts of social change and women's empowerment. Strengthening SHGs

through targeted policy support, continuous training, and community engagement can further consolidate their role in advancing inclusive and sustainable rural development. Empowering women through SHGs is not only a matter of social justice but also a critical pathway toward broader economic growth and societal transformation.

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