



Beyond Financial Access: A Critical Review of Social Agency and Regional Disparities in Self-Help Group Interventions

¹ Shilpa Deshmukh, ²Dr. Deepak Sharma

¹Research Scholar, ²Professor & Vice-Dean

^{1,2}Commerce and Management Sciences & Technology,

^{1,2}Datta Meghe Institute of Higher Education & Research, Wardha, India

Abstract: Background: The Self-Help Group (SHG) Bank Linkage Programme has emerged as the world's largest microfinance intervention, aiming to transform rural women from passive beneficiaries into active economic agents. While the program has achieved massive scale-linking over 14 million groups to the formal banking sector-the assumption that financial access automatically translates into holistic empowerment remains contested.

Objectives: This critical review evaluates the efficacy of SHGs through the lens of Naila Kabeer's "Resources-Agency-Achievements" framework. It aims to dismantle the "one-size-fits-all" narrative by contrasting the high-impact outcomes observed in Southern India with the structural challenges faced in agrarian belts like Maharashtra.

Methodology: A critical analysis of secondary literature from 1999 to 2025 was conducted, synthesizing empirical data from NABARD reports, state-level studies, and peer-reviewed journals. The review categorized findings into economic impact, social agency, and institutional dynamics to identify conceptual and regional gaps.

Key Findings: The synthesis reveals a "consumption trap" in regions like Maharashtra, where loans are frequently diverted for survival rather than enterprise, unlike the capital accumulation models seen in Kerala. Furthermore, a significant "agency gap" exists; while women gain mobility, deep-seated patriarchal norms often prevent them from exercising decision-making power within the household. The review identifies a critical paucity of research in the Wardha District, where agrarian distress and specific caste hierarchies moderate SHG success.

Conclusion: The review concludes that economic metrics alone are insufficient to measure true empowerment. It underscores the urgent need for localized, mixed-methods research in under-represented districts like Wardha to understand the specific socio-cultural moderators of SHG performance.

Keywords: Self-help groups, Rural Empowerment, Microfinance, Social Agency, Wardha District, Kabeer's Framework.

I. INTRODUCTION

In the landscape of rural development, the transition from "welfare" to "empowerment" has been defined by the rise of microfinance. In India, where women constitute nearly half the population yet face entrenched socio-economic disparities, Self-Help Groups (SHGs) have emerged as the primary vehicle for this transformation. Rooted in the principles of collective action and financial intermediation, SHGs were designed to provide marginalized women with what the formal banking system could not: access to collateral-free credit, social solidarity, and a platform for decision-making [1].

The scale of this intervention is unprecedented. Since its inception in 1992, the NABARD-backed SHG-Bank Linkage Programme (SBLP) has evolved into the world's largest microfinance project. As of March 2024, the program covers over 14.4 million (144.22 lakh) savings-linked SHGs, with banks disbursing

approximately ₹2.09 lakh crore in credit to 54.8 lakh groups during the 2023-24 fiscal year [2]. These figures highlight the massive success of SHGs in democratizing financial access, effectively linking over 160 million households to the formal banking grid [3]. However, the proliferation of SHGs has produced a paradox. While the mechanism of financial inclusion—opening accounts and saving money—has succeeded, the deeper goal of social empowerment remains uneven. Theoretical frameworks, such as Naila Kabeer's (1999) "Resources-Agency-Achievements" model, argue that access to resources (credit) is merely a pre-condition; true empowerment requires "agency," or the ability to define and act upon one's own goals [4]. Recent critical assessments indicate that this transition from borrower to decision-maker is frequently stalled by regional infrastructural gaps and rigid patriarchal norms [5].

This disparity is particularly acute in agrarian belts outside the southern "microfinance hubs" of Kerala and Andhra Pradesh. In Maharashtra, specifically in the Wardha District, the SHG movement faces unique challenges characterized by agrarian distress and caste-based hierarchies. Despite the state's economic status, recent data reveals that nearly 45% of SHGs in central and northern regions have yet to access repeated credit linkages, limiting their function to mere savings groups rather than engines of entrepreneurship [6].

Therefore, a critical review of the literature is necessary to dismantle the "one-size-fits-all" narrative. By synthesizing evidence on the economic, social, and institutional dimensions of SHGs, this review aims to expose the "empowerment gap" in under-researched districts like Wardha. It argues that without a localized, mixed-methods understanding of how social structures moderate financial gains, the potential of SHGs to foster genuine gender equity will remain unfulfilled.

II. RESEARCH METHODOLOGY

2.1 Research Design This paper employs a Critical Review design to evaluate the current state of knowledge regarding Self-Help Groups (SHGs) and women's empowerment in India. Unlike a systematic review that primarily seeks to aggregate quantitative outcomes, this critical review aims to identify conceptual inconsistencies, methodological limitations, and regional gaps in the existing literature [8]. The study specifically interrogates the disparity between financial metrics (income, savings) and social agency (decision-making), using this contrast to highlight the specific research void in the Wardha District.

2.2 Data Sources and Search Strategy To ensure a comprehensive analysis, secondary data was aggregated from multiple high-impact sources. The literature search was conducted using academic databases including Google Scholar, PubMed, and institutional repositories, covering the publication period from 1999 to 2025.

- ✓ **Search Terms:** The search strategy utilized Boolean operators with key terms such as "Self-help groups," "Rural Population," "Women's Empowerment," "Microfinance Impact," and "Regional Disparities in India" [9].
- ✓ **Institutional Reports:** In addition to peer-reviewed journals, official macro-level data was sourced from the National Bank for Agriculture and Rural Development (NABARD) annual reports [10] and the Maharashtra State Rural Livelihood Mission (MSRLM) [11] to provide the statistical context for SHG penetration and credit linkage performance.

2.3 Inclusion and Exclusion Criteria The selection of literature was guided by specific criteria to ensure relevance to the agrarian and socio-cultural context of the proposed study:

✓ **Inclusion Criteria:**

1. Empirical studies focusing on the SHG-Bank Linkage Programme (SBLP) post-1992.
2. Research applying multidimensional frameworks, specifically Naila Kabeer's (1999) "Resources-Agency-Achievements" model, to measure empowerment beyond economic terms [12].
3. Comparative analyses of SHG performance in Southern India (e.g., Kerala, Andhra Pradesh) versus Central India (e.g., Maharashtra, Madhya Pradesh) to highlight regional heterogeneity.

✓ **Exclusion Criteria:**

1. Studies pre-dating the SBLP inception (1992).
2. Purely theoretical papers lacking empirical data from the Indian rural context.
3. Duplicate studies or those not available in the English language.

2.4 Analytical Framework The collected literature was analyzed using a thematic approach rooted in Kabeer's multidimensional model. The review categorizes findings into three distinct domains to identify the "Empowerment Gap":

1. **Economic Impact:** Assessing income generation, savings behavior, and the "consumption trap" in microfinance [13].
2. **Social Agency:** Evaluating shifts in household decision-making, physical mobility, and political participation [14].
3. **Institutional Factors:** Analyzing the moderating role of capacity building, training intensity, and bank linkage efficiency [15].

This methodological approach allows for the triangulation of economic data with social realities, providing the necessary evidence to justify the need for a mixed-methods study in Wardha.

III. RESULTS: A CRITICAL ANALYSIS OF EMPOWERMENT DYNAMICS

A critical synthesis of the selected literature reveals a complex dichotomy in the impact of Self-Help Groups (SHGs). While the intervention has achieved widespread financial inclusion, the translation of this access into genuine multi-dimensional empowerment is inconsistent and heavily moderated by regional and institutional factors.

3.1 The Economic Paradox: High Access, Low Control : The analysis indicates that while SHGs successfully mobilize savings, the depth of economic empowerment varies significantly. In states with mature microfinance ecosystems like Kerala, studies report substantial economic gains. Reji (2013) documented a statistically significant 45% increase in household income among SHG members, attributed to the productive use of collateral-free loans [16]. Similarly, in Eastern India, Mula and Sarkar (2013) observed a 120% increase in savings behavior, suggesting that SHGs effectively cultivate financial discipline [17].

However, a critical review exposes a "consumption trap" in other regions. In Maharashtra, Basargekar (2009) found that while repayment rates were high, a significant portion of credit was diverted towards consumption needs rather than income-generating assets. This diversion limits the long-term capital formation necessary for poverty alleviation, creating a cycle where women manage poverty rather than escaping it [18]. Furthermore, evidence from Rajasthan suggests that without market linkages, women remain confined to low-yield traditional activities, failing to transition from "borrowers" to "entrepreneurs" [19].

3.2 The Social Agency Gap: Beyond economics, the literature highlights a disparity between "social space" and "social power." Swain (2007) demonstrated that SHG participation significantly improves self-confidence and communication skills, effectively creating a peer-support system that buffers against isolation [20]. Yet, this social capital often fails to dismantle patriarchal hierarchies within the household. Kusugal's (2020) findings in Karnataka reveal that while women gained the mobility to visit banks, critical decisions regarding large assets or reproductive health remained under male control [21]. This suggests a "compartmentalization" of empowerment, where women exercise agency in the public sphere (the group) but remain subordinate in the private sphere (the home). This gap is particularly acute in regions with rigid caste dynamics, where social solidarity is often fractured by external community norms [22].

3.3 The Institutional Void in Agrarian Belts: The review identifies a distinct correlation between institutional quality and empowerment outcomes. Randhawa and Mann (2007) emphasized that "consensus-based operations" and conflict resolution training are prerequisites for sustainable groups [23]. However, in districts like Thiruvapur, persistent illiteracy and a lack of continuous capacity building have been shown to hinder women from navigating bureaucratic systems independently [24].

3.4 The Research Gap: The Case for Wardha Crucially, the synthesis reveals a geographical bias in existing research. The majority of high-impact studies focus on the southern states or specific eastern districts. There is a marked scarcity of mixed-methods research in the Vidarbha region, specifically Wardha District. Given Wardha's unique socio-economic profile-characterized by agrarian distress, cotton farming dependency, and specific caste stratifications-the findings from Kerala or Andhra Pradesh cannot be generalized to this context. The literature thus points to an urgent need for localized inquiry to understand how these specific regional moderators influence the Resources-Agency-Achievements trajectory [25].

IV. DISCUSSION

The synthesis of existing literature underscores a fundamental divergence between the intent of microfinance interventions and their impact on the ground. While the SHG-Bank Linkage Programme has successfully operationalized financial inclusion on a massive scale, this review identifies three critical themes that necessitate a re-evaluation of how empowerment is measured and fostered, particularly in under-researched agrarian contexts like Wardha.

4.1 The Myth of "Automatic" Empowerment: A recurring theme in the reviewed studies is the assumption that access to credit automatically translates into social agency. However, the "Resource-Agency-Achievement" disconnect observed in the results challenges this linearity. As noted by Joshi (2019), mere involvement in microfinance programs does not guarantee a shift in the balance of power within the household [26]. Without explicit mechanisms to address gender norms-such as the "consensus-based" training highlighted in Punjab-SHG's often function as efficient financial intermediaries for the family rather than as instruments of change for the woman. This aligns with Cheston and Kuhn's earlier assertion that credit is a tool, not a solution; without the "agency" to control that credit, women remain conduits of capital rather than owners of it.

4.2 The Imperative of Regional Context: The most significant finding of this review is the non-transferability of success. The robust outcomes observed in Kerala (Reji, 2013) cannot be uncritically extrapolated to the Vidarbha region. In states like Bihar, Singh (2023) found that the "JEEVIKA" model succeeded because it was tailored to local socio-economic realities [27]. In contrast, the context of Wardha-defined by a monoculture of cotton farming, high rates of agrarian distress, and lower literacy levels (38%)-presents unique structural barriers that likely dampen the "entrepreneurial pivot" seen elsewhere. Bidnur (2012) further emphasizes that in Maharashtra's corporate areas like Sangli-Miraj, SHGs improved life quality, yet rural agrarian belts face different challenges [28]. The literature suggests that in regions like Wardha, the "consumption trap" is not a failure of the women, but a symptom of the environment; loans are forced into survival (health, debt repayment) rather than growth (business).

4.3 Methodological Implications: Beyond the Survey Finally, this review exposes a critical methodological flaw in the majority of existing studies: the over-reliance on quantitative surveys. While regression models can correlate "membership duration" with "income," they fail to capture the nuanced negotiations of power described by Kabeer. Basak and Chowdhury (2024) argue that achieving Sustainable Development Goals (SDGs) requires understanding the "socioeconomic development" process, which is deeply qualitative [29]. This validates the necessity of the proposed mixed-methods approach for the Wardha study. To truly understand if SHGs are empowering women or merely indebting them, research must move beyond "How much did you save?" to "Who decided how to spend it?"-a question that can only be answered through the focus group discussions and interviews proposed in the upcoming research protocol.

V. CONCLUSION

This critical review delineates the complex trajectory of Self-Help Groups (SHGs) in India, moving beyond the binary narrative of success or failure to reveal a nuanced landscape of conditional empowerment. The synthesis of existing literature affirms that while the SHG-Bank Linkage Programme has democratized access to financial resources for millions of rural women, the conversion of this access into genuine social agency is neither automatic nor uniform.

The review highlights three pivotal conclusions:

1. **The Economic Disconnect:** While SHGs successfully foster savings, the "consumption trap" prevalent in states like Maharashtra often prevents capital from evolving into sustainable entrepreneurship, unlike the high-growth models observed in Kerala [30].
2. **The Agency Deficit:** Social empowerment is frequently compartmentalized; women gain mobility in the public sphere but often remain subordinate in private household decision-making, particularly in regions with rigid caste hierarchies [31].
3. **The Institutional Gap:** The sustainability of these groups is heavily dependent on continuous capacity building. In the absence of "consensus-based" training, SHGs risk becoming mere transaction points rather than platforms for social change [32].

Future Directions: The identification of these disparities exposes a critical research gap. The vast majority of high-impact studies are concentrated in Southern India, leaving agrarian distress zones like Wardha under-researched. The unique socio-economic fabric of Wardha-characterized by cotton farming dependency and specific infrastructural deficits-cannot be adequately understood through pan-Indian generalizations. Therefore, this review strongly advocates for a shift in research methodology. Future inquiries must move beyond purely quantitative surveys to adopt mixed-methods designs that can triangulate economic data with the lived realities of rural women. Specifically, a focused analytical study in the Wardha District is essential to determine how local moderators influence the "Resources-Agency-Achievements" continuum. Such localized evidence is critical for refining NABARD guidelines and advancing Sustainable Development Goal 5 (Gender Equality) in the regions that need it most [33].

VI. REFERENCES

- [1] Sharma, U., Sharma, S. C., & Jha, P. (2014). Self-Help Groups in India-A Catalyst for Women Economic Empowerment and Poverty Eradication. *Journal of Applied Management-Jidnyasa*, 35-
- [2] NABARD. (2024). Status of Microfinance in India 2023-24. National Bank for Agriculture and Rural Development, Mumbai.
- [3] Sa-Dhan. (2024). The Bharat Microfinance Report 2024. Sa-Dhan National Association of Community Development Finance Institutions.
- [4] Kabeer, N. (1999). Resources, agency, achievements: Reflections on the measurement of women's empowerment. *Development and Change*, 30(3), 435-464.
- [5] Desai, R. M., & Joshi, S. (2014). Collective Action and Community Development: Evidence from Self-Help Groups in Rural India. *The World Bank Economic Review*, 28(3), 492-524.
- [6] Lokos, S. (2024). A Handbook on SHG - Bank Linkage: Bridging the Credit Gap. Ministry of Rural Development, Government of India.
- [7] Puhazhendhi, V., & Satyasai, K. J. (2000). Microfinance for Rural People: An Impact Evaluation. National Bank for Agriculture and Rural Development (NABARD), Mumbai.
- [8] Swain, R. B., & Wallentin, F. Y. (2009). Does microfinance empower women? Evidence from self-help groups in India. *International Review of Applied Economics*, 23(5), 541-556.
- [9] Kabeer, N. (1999). Resources, agency, achievements: Reflections on the measurement of women's empowerment. *Development and Change*, 30(3), 435-464.
- [10] Cheston, S., & Kuhn, L. (2002). Empowering women through microfinance. *Draft, Opportunity International*, 64(8), 1-64.
- [11] Mayoux, L. (1999). Questioning virtuous spirals: Micro-finance and women's empowerment in Africa. *Journal of International Development*, 11(7), 957-984.
- [12] Garikipati, S. (2008). The impact of lending to women on household vulnerability and women's empowerment: Evidence from India. *World Development*, 36(12), 2602-2625.
- [13] Aswal, R., & Sharma, A. (2025). Self-Help Groups and Women Empowerment: Systematic Review and Bibliometric Analysis. *International Journal of Enhanced Research in Management & Computer Applications*, 14(6), 86-97.
- [14] Sharma, U., Sharma, S. C., & Jha, P. (2014). Self-Help Groups in India-A Catalyst for Women Economic Empowerment and Poverty Eradication. *Journal of Applied Management-Jidnyasa*, 35-40.
- [15] NABARD. (2022). Status of microfinance in India 2021-22. National Bank for Agriculture and Rural Development, Mumbai.
- [16] Maharashtra State Rural Livelihood Mission (MSRLM). (2021). State and status of self-help groups (SHGs) in Maharashtra.
- [17] Kabeer, N. (1999). Resources, agency, achievements: Reflections on the measurement of women's empowerment. *Development and Change*, 30(3), 435-464.
- [18] Basargekar, P. (2009). How empowering is micro entrepreneurship developed through microfinance?. *Asia Pacific Business Review*, 5(1), 67-76.
- [19] Swain, R. B., & Wallentin, F. Y. (2009). Does microfinance empower women? Evidence from self-help groups in India. *International Review of Applied Economics*, 23(5), 541-556.
- [20] Randhawa, V., & Mann, S. K. (2007). Structure and functioning of self help groups in Punjab. *Indian Journal of Agricultural Research*, 41(3), 157-163.

- [21] Reji, D. (2013). Economic Empowerment of Women through Self Help Groups In Kerala. *International Journal of Marketing, Financial Services & Management Research*, 2(3), 97-113.
- [22] Mula, G., & Sarker, S. C. (2013). Impact of microfinance on women empowerment: an economic analysis from Eastern India. *Journal of Farm Sciences*, 3(1), 1-12.
- [23] Basargekar, P. (2009). How empowering is micro entrepreneurship developed through microfinance?. *Asia Pacific Business Review*, 5(1), 67-76.
- [24] Meena, B., & Jain, B. (2022). Role of Self-Help Groups in Women Empowerment and Entrepreneurship in Rajasthan. WPS Office.
- [25] Swain, R. B., & Wallentin, F. Y. (2009). Does microfinance empower women? Evidence from self-help groups in India. *International Review of Applied Economics*, 23(5), 541-556.
- [26] Kusugal, P. S. (2020). Women empowerment through self-help groups: an empirical study in Haveri District of Karnataka. *Women Empowerment*, 84-89.
- [27] Deshmukh-Ranadive, J. (2003). Placing the household in the matrix of empowerment. *Indian Journal of Gender Studies*, 10(1), 77-111.
- [28] Randhawa, V., & Mann, S. K. (2007). Structure and functioning of self help groups in Punjab. *Indian Journal of Agricultural Research*, 41(3), 157-163
- [29] Selvakumar, A. X., & Maniyarasan, M. (2022). An Analysis On The Contribution Of Self Help Groups In Economic Improvement Of Rural Women With Special Reference To Thiruvavur District, Tamil Nadu. *Journal of Positive School Psychology*, 6(9), 2411-2419.
- [30] Kabeer, N. (2005). Is Microfinance a 'Magic Bullet' for Women's Empowerment? Analysis of Findings from South Asia. *Economic and Political Weekly*, 40(44), 4709-4718.
- [31] Joshi, G. (2019). An analysis of women's self-help groups' involvement in microfinance program in India. *Rajagiri Management Journal*, 13(2), 2-11.
- [32] Singh, R. (2023). The role of JEEVIKA in economic empowerment of women: Evidence from Bihar. *Social Science Journal for Advanced Research*, 3(6), 8-13.
- [33] Bidnur, V. V. (2012). Role of self-help group in women's life with reference to Sangli-Miraj and Kupwad Corporation area. *Asian Journal of Management*, 3(1), 23-29.

