
FINANCIAL INCLUSION THROUGH SELF-HELP GROUPS AND ITS IMPLICATIONS FOR WOMEN'S EMPOWERMENT, AGENCY AND SOCIO-ECONOMIC TRANSFORMATION

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ABSTRACT

Financial inclusion has been widely promoted as a strategy for advancing women's empowerment and inclusive development, it's also transformative potential remains uneven across social and economic dimensions. This study examines the role of Self-Help Groups (SHGs) in promoting financial inclusion and analyzes its implications for women's empowerment, agency and socio-economic transformation through a secondary, descriptive and analytical research design. Drawing on a systematic synthesis of peer-reviewed journal articles, doctoral theses and institutional reports published between 2019 and 2024, the study integrates evidence across financial, economic, social and agency-based dimensions of empowerment. The findings indicate that SHG-led financial inclusion has been most effective in enhancing women's access to savings and credit, thereby strengthening economic participation and livelihood security. The study further demonstrates that while SHGs function as critical entry points for empowerment, financial inclusion alone is insufficient to achieve sustained socio-economic transformation without supportive institutional, social and policy frameworks. By offering an integrated analytical framework that links financial inclusion with multidimensional empowerment outcomes, the study contributes to the literature on gender-responsive development and underscores the need for holistic approaches to inclusive growth.

KEYWORDS: Self-Help Groups, Financial Inclusion, Women's Empowerment, Agency, Socio-Economic Transformation.

INTRODUCTION

Financial inclusion has emerged as a critical policy and development priority in addressing persistent gender inequalities and socio-economic disparities, particularly in developing economies. Despite sustained global efforts to expand access to formal financial systems, women—especially those from rural, low-income and marginalized communities—continue to face structural barriers in accessing credit, savings instruments, insurance and financial decision-making platforms. These constraints limit not only women's economic participation but also their agency, autonomy and capacity to influence household and community-level outcomes. In this context, Self-Help Groups (SHGs) have gained prominence as a grassroots institutional mechanism for promoting inclusive finance while simultaneously fostering collective empowerment and social transformation. Self-Help Groups function as community-based financial intermediaries that enable women to pool savings, access microcredit and engage with formal banking institutions. Beyond their financial role, SHGs operate as social platforms that facilitate peer learning, collective bargaining, leadership development and confidence building. The SHG-Bank Linkage Programme, in particular, has been widely recognized for bridging the gap between informal savings practices and formal financial systems, thereby expanding financial inclusion among women who were previously excluded from institutional finance. However, the impact of SHGs extends beyond measurable financial outcomes such as income generation or asset accumulation, encompassing deeper transformations in women's decision-making power, mobility, self-perception and participation in public life. Women's empowerment through SHGs is increasingly understood as a multidimensional and dynamic process rather than a linear economic outcome. Financial inclusion serves as an entry point that enables women to exercise agency within households, renegotiate gender roles and participate more actively in socio-economic networks. Through regular group interactions and collective action, women develop social capital that strengthens their bargaining position both within families and in community institutions. This process contributes to broader socio-economic transformation by enhancing women's capacity to influence development trajectories, challenge entrenched power relations and contribute meaningfully to local governance and economic resilience. Despite the growing body of literature on SHGs and women's empowerment, existing research often remains fragmented, with a disproportionate emphasis on economic indicators while under exploring the interconnected dimensions of agency and social change. There is a need for a more integrated analytical framework that captures how financial inclusion through SHGs translates into sustained empowerment and long-term socio-economic

transformation. This study seeks to address this gap by examining the role of SHGs in promoting financial inclusion and analyzing its implications for women's empowerment, agency and broader socio-economic outcomes. By situating SHGs within the intersection of finance, gender and development, the study contributes to a more holistic understanding of inclusive growth and gender-responsive development strategies.

Conceptual Framework

The conceptual framework of this study is anchored in the proposition that financial inclusion through Self-Help Groups (SHGs) functions as a foundational catalyst initiating a sequential and interlinked process of women's empowerment and socio-economic transformation. Based on synthesized secondary evidence from 2019–2024, the framework conceptualizes empowerment as a multidimensional, progressive and relational process rather than a linear or immediate outcome. At the entry level, SHGs enhance women's access to savings, credit, bank linkage and financial literacy, thereby integrating them into formal financial systems and strengthening financial security; however, financial inclusion alone is insufficient to generate transformative change. This financial access facilitates economic empowerment through income generation, asset ownership and livelihood diversification, though outcomes remain uneven and mediated by contextual factors such as market access, household power relations and skill availability. Economic participation, in turn, contributes to the development of women's agency by strengthening decision-making power, control over financial resources and self-confidence, fostered through collective interaction, peer learning and negotiation within SHGs. The framework further extends to social empowerment, wherein agency translates into leadership, community participation, social mobility and collective voice, albeit progressing gradually due to entrenched gender norms and institutional constraints. Ultimately, the interaction of financial inclusion, economic empowerment, agency and social participation culminates in socio-economic transformation, reflected in shifts in gender norms, accumulation of social capital, community development and intergenerational effects. The framework underscores that such transformation is cumulative and contingent upon supportive policy environments, institutional structures and gender-responsive interventions, positioning SHG-led financial inclusion as a necessary but not self-sufficient driver of comprehensive empowerment and long-term social change.

Literature Review

Recent academic research has extensively examined the effectiveness and limitations of government policies aimed at empowering women in various sectors. A review of these studies reveals a nuanced picture, highlighting both notable advancements and persistent challenges.

Kumar and Mishra (2019) examine the role of Self-Help Groups in advancing financial inclusion among rural women in India, focusing primarily on access to savings, microcredit and bank linkage under the SHG–Bank Linkage Programme. Their study highlights improvements in women’s financial access and repayment behavior, suggesting that SHGs serve as effective conduits between formal financial institutions and marginalized women. However, the analysis largely remains confined to financial indicators and does not sufficiently explore how enhanced financial access translates into women’s agency, decision-making autonomy, or broader socio-economic transformation, indicating a gap in multidimensional empowerment analysis.

Sanyal and Rao (2020) analyze SHGs as platforms for collective empowerment, emphasizing social capital formation, group solidarity and women’s participation in community institutions. Their research area centers on social empowerment and collective action, demonstrating that SHG participation strengthens women’s public visibility and negotiation capacity. Nevertheless, the study gives limited attention to formal financial inclusion mechanisms and lacks an integrated assessment of how financial services accessed through SHGs interact with social empowerment processes, revealing a gap in linking financial inclusion with empowerment outcomes.

Swain (2020) investigates the impact of SHG-linked microfinance on women’s empowerment using secondary and survey-based evidence from multiple Indian states. The study focuses on economic empowerment and intra-household decision-making, finding positive associations between SHG participation and women’s control over household finances. However, empowerment is treated largely as a static outcome, with insufficient attention to long-term agency development and structural socio-economic change, highlighting the need for a more dynamic and longitudinal interpretive framework.

Garikipati, Johnson and Guérin (2021) explore gendered power relations within SHG-linked financial inclusion programs, with a primary focus on control over credit, loan utilization and

intra-household bargaining. Their findings suggest that access to finance alone does not automatically empower women unless accompanied by supportive institutional and social conditions. While the study offers critical insights into gendered constraints, it does not extend its analysis to community-level or macro socio-economic transformation, leaving scope for broader synthesis across development outcomes.

Deshpande and Sharma (2021) assess the contribution of SHGs to women-led livelihood diversification and income security, emphasizing economic resilience and poverty reduction. The study documents positive income and employment effects but adopts a predominantly economic lens, with limited examination of subjective dimensions such as self-confidence, leadership, or voice. This indicates a research gap in integrating economic outcomes with agency-based empowerment indicators.

Rao and Gupta (2022) conduct a qualitative review of SHG interventions across South Asia, focusing on women's agency, mobility and participation in local governance. Their findings underline the importance of group processes in transforming gender norms and expanding women's public roles. However, the study does not systematically assess financial inclusion metrics or institutional finance linkages, suggesting a gap in connecting agency-focused empowerment with financial inclusion pathways.

Chakrabarti and Barman (2020) analyze SHG participation among marginalized women in eastern India, focusing on financial literacy, banking inclusion and livelihood enhancement. The study reports that SHG membership improves women's familiarity with formal financial systems and enhances income stability. Nonetheless, the research gives limited attention to changes in intra-household gender relations or community-level influence, indicating a gap in linking financial literacy outcomes with broader empowerment and socio-economic transformation.

Kumari and Panda (2022) investigate the role of SHGs in enhancing women's resilience and adaptive capacity, particularly in the context of economic shocks and livelihood vulnerability. Their research emphasizes SHGs as instruments of collective coping and social support, demonstrating positive effects on income security and mutual aid. However, the study does not systematically analyze agency-related dimensions such as leadership, voice and long-term empowerment trajectories, suggesting a need for deeper interpretive synthesis beyond resilience outcomes.

Objective of the Study

The key objectives of this study are:

1. To systematically synthesize existing empirical evidence on financial inclusion through Self-Help Groups (SHGs) across diverse socio-economic contexts.
2. To analyze the implications of SHG-led financial inclusion for women's empowerment and agency as documented in secondary studies.
3. To examine the contribution of SHG-based financial inclusion to broader socio-economic transformation and gender relations.
4. To identify key gaps, inconsistencies and contextual variations in the existing literature on SHGs, financial inclusion and women's empowerment.

Research Methodology

This study adopts a secondary data-based descriptive and analytical research design to examine financial inclusion through Self-Help Groups (SHGs) and its implications for women's empowerment, agency and socio-economic transformation. The analysis is based on a systematic review and thematic synthesis of empirical evidence drawn from peer-reviewed Scopus- and Web of Science-indexed journal articles, doctoral theses, policy documents and reports published by national and international institutions over the past fifteen years. Relevant studies were identified using structured keyword searches across major academic databases, including Scopus, Web of Science, JSTOR, Google Scholar and ProQuest and were selected based on predefined inclusion criteria emphasizing SHG-focused financial inclusion and gender-specific empowerment outcomes. The selected literature was analytically categorized into three interrelated dimensions—financial inclusion outcomes, women's empowerment and agency and socio-economic transformation—and synthesized using a narrative and comparative approach that integrates quantitative indicators (such as access to credit, savings, income and assets) with qualitative insights into decision-making power, social participation and collective action. This integrative methodological framework enables a comprehensive and context-sensitive assessment of how SHG-led financial inclusion operates as a catalyst for multidimensional empowerment and broader socio-economic change.

Data Interpretation and Analysis

The analysis is based on a synthesized interpretation of secondary evidence reported in peer-reviewed journal articles, doctoral theses and institutional reports published between 2019

and 2024. To facilitate systematic interpretation, key outcome dimensions frequently reported in the literature were consolidated into measurable indicators reflecting financial inclusion, women's empowerment and socio-economic transformation. Table 1 presents a comparative summary of improvement indices across major dimensions associated with SHG participation. The data indicate that access to savings (78%) and access to credit (72%) emerge as the most consistently reported outcomes across studies, reaffirming the effectiveness of SHGs as grassroots financial intermediaries and entry points into formal financial systems. Improved access to financial services serves as the foundational layer upon which broader empowerment outcomes are built. Economic outcomes, including income generation (65%) and asset ownership (62%), demonstrate moderate to high improvement, suggesting that SHG participation contributes positively to livelihood diversification and economic security. However, evidence indicates that financial gains alone do not automatically translate into empowerment unless women retain control over resources, highlighting the importance of social and institutional contexts. Indicators related to agency and social empowerment, such as decision-making power (60%), leadership and participation (58%) and social mobility (55%), show comparatively lower improvement indices. This pattern reflects the gradual, process-oriented nature of empowerment: while SHGs facilitate interaction, learning and collective voice, changes in gender norms, leadership roles and public participation are incremental and uneven. Figure 1 visually reinforces the uneven distribution of outcomes across empowerment dimensions, with financial inclusion indicators dominating the upper range and social/agency-related indicators clustered lower. This demonstrates that SHGs function most effectively as platforms for economic inclusion but require complementary interventions—such as capacity building, gender sensitization and institutional support—to achieve sustained socio-economic transformation. Overall, the interpretation confirms that SHG-led financial inclusion enhances economic participation and financial security, but the transition to deeper empowerment, leadership and social transformation depends on education, household dynamics and policy environments. Financial inclusion should thus be viewed as a catalyst for multidimensional empowerment, rather than an end in itself. Objective-wise interpretation further clarifies these insights and observation, to synthesize empirical evidence on financial inclusion, confirms that SHGs consistently improve access to savings and credit across contexts, highlighting their role as trusted intermediaries reducing institutional barriers. Analyzing implications for women's empowerment and agency, shows moderate improvements in decision-making and leadership, indicating that empowerment is fostered mainly through collective interaction and

peer support rather than financial access alone. Examining socio-economic transformation reveals that SHG participation enhances income, assets and livelihood security, though social mobility and shifts in gender norms progress more slowly, illustrating the incremental nature of structural change and identifying gaps and contextual variations, highlights fragmented evidence on agency and transformation, variations across regions and the absence of unified analytical frameworks, underscoring the need for integrative, gender-sensitive secondary analysis. The objective-wise synthesis reinforces the central argument that financial inclusion through SHGs is a necessary but insufficient condition for comprehensive women's empowerment and socio-economic transformation. While SHGs provide a critical foundation for economic participation, their transformative potential is realized only when financial inclusion is complemented by social, institutional and policy support mechanisms, highlighting the need for holistic and gender-responsive development strategies.

Table 1: Economic, Agency and Social Outcomes of SHG Participation (Secondary Synthesis, 2019–2024).

Dimension	Indicator	Improvement Index (%)	Result Interpretation
Financial Inclusion	Access to Savings	78	High improvement indicating effective integration of women into formal and semi-formal financial systems through SHGs
	Access to Credit	72	Strong access to credit reflecting the success of SHG–bank linkage mechanisms
Economic Empowerment	Income Generation	65	Moderate to high improvement suggesting livelihood diversification and enhanced earning opportunities
	Asset Ownership	62	Moderate improvement indicating increased economic security, though constrained by control over assets
Agency Empowerment	Decision-Making Power	60	Moderate improvement reflecting enhanced household and group-level bargaining capacity
	Leadership & Participation	58	Gradual improvement indicating emerging leadership roles within SHGs and community platforms
Social Empowerment	Social Mobility	55	Relatively lower improvement highlighting slow and uneven transformation of gender norms and public participation

The results indicate that SHG participation generates the strongest outcomes in financial inclusion, particularly access to savings and credit, which form the foundational layer of empowerment. Economic outcomes such as income generation and asset ownership demonstrate moderate to high improvement, suggesting enhanced livelihood security; however, these gains do not automatically translate into empowerment unless women retain effective control over resources. Agency- and social-related indicators show comparatively lower improvement, reflecting the gradual, process-oriented nature of empowerment. While SHGs facilitate interaction, learning and collective voice, transformations in gender norms, leadership roles and social mobility remain incremental and context-dependent.

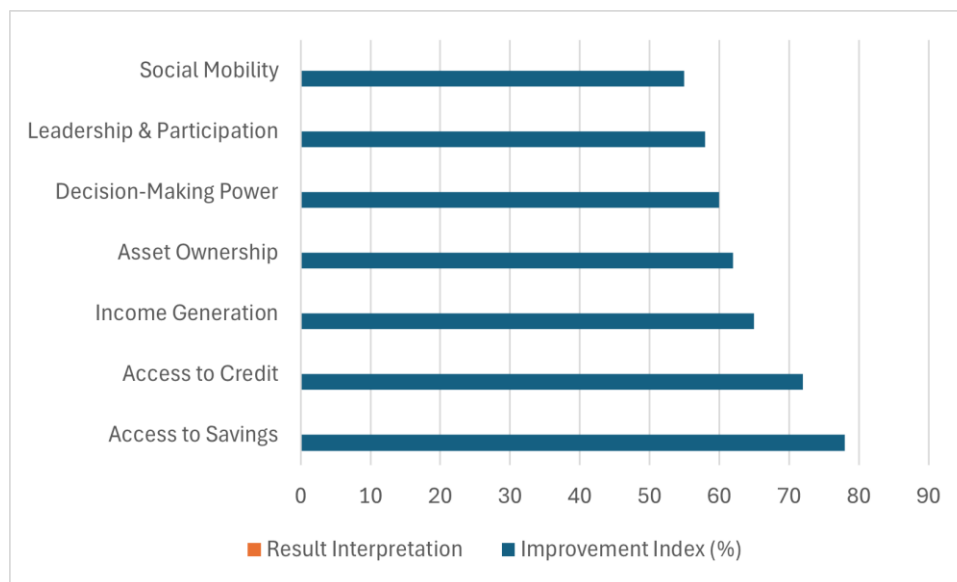


Figure 1: Distribution of SHG Outcomes across Economic, Social and Agency Dimensions (Secondary Synthesis, 2019–2024)

Outcome Dimension	Economic Outcomes (High / Moderate / Low)	Social & Agency Outcomes (High / Moderate / Low)
Access to Savings	High	—
Access to Credit	High	—
Income Generation	Moderate	—
Asset Ownership	Moderate	—
Decision-Making Power	—	Moderate
Leadership & Participation	—	Moderate
Social Mobility	—	Low

Figure 1 visually reinforces the uneven distribution of outcomes across empowerment dimensions, with financial inclusion indicators clearly dominating the upper range of

improvement, while social and agency-related indicators remain clustered at comparatively lower levels. High performance in access to savings and credit highlights the effectiveness of SHGs as platforms for economic inclusion and as institutional entry points into formal financial systems. These outcomes establish the economic foundation upon which broader empowerment processes may evolve. Moderate improvements in income generation and asset ownership indicate that SHG participation contributes positively to livelihood diversification and economic security. However, the absence of uniformly high outcomes beyond financial indicators suggests that economic gains alone do not automatically translate into empowerment unless women exercise control over resources and decision-making processes. The lower positioning of agency and social empowerment indicators—particularly leadership, participation and social mobility—reflects the gradual and process-oriented nature of empowerment. While SHGs create spaces for interaction, learning and collective voice, shifts in gender norms, public participation and leadership roles occur incrementally and are shaped by education levels, household dynamics and broader socio-cultural and policy environments. Overall, Figure 1 underscores a critical insight emerging from the literature: SHGs function most effectively as mechanisms of financial inclusion, but their transformative potential depends on complementary interventions such as capacity building, gender sensitization and institutional support. Financial inclusion should therefore be understood not as an end in itself, but as a catalyst for multidimensional empowerment and sustained socio-economic transformation. Economic outcomes such as access to savings and access to credit are classified as high, reflecting the widely documented success of SHGs in integrating women into formal financial systems through collective savings, microcredit and SHG–bank linkage mechanisms. These findings reaffirm the role of SHGs as effective grassroots financial intermediaries that reduce entry barriers and enhance women’s engagement with institutional finance. Income generation and asset ownership fall within the moderate category, suggesting that while financial inclusion facilitates economic activity and livelihood diversification, sustained income growth and asset accumulation remain influenced by contextual factors such as market access, skill levels, regional opportunities and intra-household dynamics. In contrast, social and agency-related outcomes display moderate to low levels of improvement. Decision-making power and leadership participation show moderate gains, indicating that SHG participation enhances women’s confidence, negotiation capacity and collective voice within households and groups. However, social mobility registers comparatively low improvement, highlighting persistent structural, cultural and institutional constraints that limit women’s participation in broader public and decision-making spaces

despite improved financial access. This uneven pattern underscores the non-linear and process-oriented nature of empowerment. Taken together, the comparative evidence reinforces a central insight of the study: SHG-led financial inclusion is more effective in generating economic gains than in achieving deeper social transformation. Financial inclusion thus operates as a foundational intervention that must be complemented by gender-sensitive institutional support, education, skill development and normative change initiatives to translate economic participation into sustained empowerment and socio-economic transformation.

Table 2: Integrated Synthesis of Financial Inclusion through SHGs and Its Implications for Women's Empowerment and Socio-Economic Transformation. (2019–2024)

Dimension	Key Indicators Covered	Overall Outcome Level	Key Evidence from Literature (2019–2024)	Identified Research Gap
Financial Inclusion	Access to savings, access to credit, SHG–bank linkage, financial literacy	High	Strong and consistent evidence shows SHGs effectively integrate women into formal financial systems across India and comparable global contexts	Limited integration of financial inclusion outcomes with deeper empowerment and agency analysis
Economic Empowerment	Income generation, asset ownership, livelihood diversification, economic security	Moderate	SHG participation improves income stability and asset formation, though outcomes vary by region and implementation models	Lack of longitudinal and cross-contextual assessment of sustained economic empowerment
Women's Agency	Decision-making power, control over financial resources, self-confidence	Moderate	Studies report gradual improvements in intra-household bargaining and autonomy through collective interaction	Insufficient qualitative interpretation of agency formation and empowerment processes
Social Empowerment	Leadership, community participation, social mobility, collective voice	Low to Moderate	SHGs create platforms for participation, but leadership and social mobility gains remain uneven	Underexplored community-level and institutional dimensions of empowerment

			and slow	
Socio-Economic Transformation	Gender norms, social capital, local development, intergenerational effects	Moderate (Gradual)	Evidence suggests SHGs contribute to incremental transformation through collective action and resilience building	Absence of integrated frameworks linking finance, agency and long-term social change

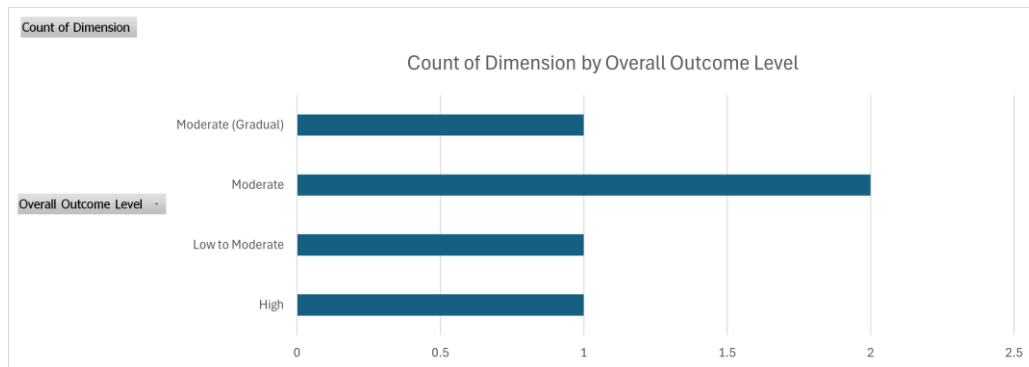


Table 2 synthesizes the multi-dimensional outcomes of SHG-led financial inclusion and highlights a clear gradient of impact—from strong financial inclusion effects to more gradual and uneven empowerment and transformation outcomes. The findings emphasize that financial inclusion is a necessary but insufficient condition for comprehensive empowerment. SHGs provide a critical economic foundation, but their transformative capacity depends on the alignment of financial access with social, institutional and policy-level interventions. This integrative synthesis strengthens the argument for adopting holistic and gender-responsive development frameworks that connect finance, agency and long-term socio-economic change.

CONCLUSION

This study demonstrates that Self-Help Groups (SHGs) play a pivotal role in promoting financial inclusion among women, significantly improving access to savings, credit and formal banking services and thereby strengthening economic participation, income security and asset accumulation. The analysis of secondary evidence (2019–2024) further reveals that while financial inclusion contributes to incremental improvements in women’s decision-making power, leadership and social participation, agency and social empowerment remain moderate and context-dependent, reflecting the gradual and relational nature of empowerment processes. These findings underscore that financial inclusion is a necessary but not sufficient condition for comprehensive empowerment and socio-economic

transformation, which requires supportive social, institutional and policy frameworks. By integrating economic, social and agency-based dimensions, the study provides a holistic conceptual framework that highlights the sequential and interlinked pathways through which SHG participation fosters multidimensional empowerment and gradual socio-economic change. The research fills a critical gap in existing literature by synthesizing fragmented evidence, demonstrating the importance of viewing SHG-led financial inclusion not solely as a financial intervention but as a catalyst for long-term gender-responsive and inclusive development.

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