



Microfinance, Self-Help Groups and Women Farmers: Transforming Livelihoods in Bhiwani

Pinki (Ph. D Research Scholar) ¹ Dr. Shiv Kumar (Assistant Professor) ²

Department – Economics, Shri Jagdish Prasad Jhabarmal Tibrewala University, Chudela, Jhunjhunu

ABSTRACT

Women in rural India, particularly in districts like Bhiwani in Haryana, face significant economic and social barriers in achieving financial independence. Microfinance and Self-Help Groups (SHGs) have emerged as transformative tools for empowering women farmers by providing them with access to credit, capacity building, and collective bargaining power. This paper explores the impact of microfinance and SHG-based programs on the livelihoods, income patterns, decision-making capacity, and social mobility of women engaged in agriculture in Bhiwani. Drawing on field data, government schemes, and secondary research, the paper highlights success stories, identifies persistent challenges, and proposes recommendations to further integrate women into the rural economy.

Keywords: Microfinance, Self-Help Groups, Women Empowerment, Agriculture, Rural Livelihoods, Bhiwani District, Financial Inclusion, Gender Equity, Rural Development, SHG-Bank Linkage

1. INTRODUCTION

The concept of microfinance has emerged as a powerful tool for fostering inclusive economic development, especially in rural regions where access to formal financial systems is limited or non-existent. In the Indian context, microfinance institutions (MFIs) and self-help groups (SHGs) have significantly influenced the socioeconomic landscape of marginalized communities. Microfinance, through the extension of small loans, savings facilities, and financial literacy programs, seeks to empower underprivileged populations, particularly women, to become active participants in the economic mainstream. This empowerment is not merely financial—it also contributes to improvements in health, education, decision-making capabilities, and overall quality of life. Haryana, predominantly an agrarian state, has witnessed notable interventions in the microfinance sector, especially targeting rural women. Bhiwani district, one of the key agricultural belts of Haryana, presents a dynamic case where women farmers, traditionally confined to household duties and secondary farm labor, are now gradually emerging as financial agents and entrepreneurs. The integration of women into SHGs has transformed them from passive laborers to assertive stakeholders in household and community decision-making processes. These groups facilitate access to credit, training, marketing support, and collective bargaining power, thereby enabling women to initiate micro-enterprises and contribute to family income.

The Self-Help Group model operates on the principles of mutual trust, collective savings, and democratic functioning. Typically composed of 10–20 women from similar socioeconomic backgrounds, SHGs pool resources and use them for inter-lending or productive investments. Over time, these groups establish a credit history that allows them to access larger financial assistance from banks or government schemes. In Bhiwani, many such groups have ventured into dairy farming, poultry, handicrafts, vermicomposting, tailoring, and organic farming. These activities not only supplement household incomes but also promote sustainable rural livelihoods. However, the success of microfinance and SHGs is not devoid of challenges. Issues such as patriarchal resistance, inadequate training, irregular repayments, and limited marketing opportunities often hinder the full realization of benefits. Moreover, systemic support from financial institutions and local governance bodies remains inconsistent. Despite these obstacles, case studies and field observations in Bhiwani indicate a promising trend where women, through collective effort and microfinance access, are redefining their roles in society and the rural economy. This paper aims to critically examine the impact of microfinance services and SHGs on the economic and social lives of women farmers in Bhiwani district. It evaluates how these mechanisms contribute to women's empowerment, what barriers they face, and the long-term implications on rural development. Through empirical evidence and ground-level insights, the study attempts to highlight the transformative potential of financial inclusion when directed at rural women, particularly those involved in agriculture.

2. LITERATURE OF REVIEW

The literature on microfinance and self-help groups (SHGs) has evolved over several decades, reflecting the growing importance of these mechanisms in empowering rural women and promoting sustainable livelihoods. Presented below is a review of key scholarly contributions arranged in ascending chronological order, highlighting the evolution of ideas and findings relevant to the present study.



Yunus (1999) laid the foundation for the global microfinance movement through his Grameen Bank model in Bangladesh. He demonstrated that poor women are reliable borrowers and capable entrepreneurs when provided with group-based financial support. His work inspired the proliferation of SHGs and microfinance programs across South Asia.

NABARD (2005), in its institutional reports, emphasized the significance of SHG-Bank Linkage Programme in India. The initiative expanded financial inclusion for millions of rural women by connecting informal savings groups with formal banking institutions. It underscored the role of group savings, internal lending, and peer accountability in building creditworthiness.

Mayoux (2006) critically examined the empowerment potential of microfinance and asserted that credit access alone is insufficient. Her research stressed the necessity of embedding financial services within broader social development strategies, including training, market access, and gender-sensitive design.

Singh and Mehta (2012) evaluated the operational dynamics of SHGs in North Indian states. They found that while access to credit had improved significantly, entrepreneurial performance varied depending on access to skills and marketing channels. Their findings emphasized the role of group discipline and peer monitoring in maintaining repayment rates.

Kabeer (2015) investigated the gender dimensions of microfinance in South Asia and concluded that SHG participation could foster psychological empowerment, improved status in the household, and increased civic engagement. However, she warned that patriarchal social structures could limit the long-term impact if not addressed directly.

Reddy and Manak (2018) conducted an empirical study on SHG functioning in Haryana and found that group membership positively influenced women's participation in education, nutrition, and village-level institutions. Despite this, barriers like caste-based exclusion and male resistance occasionally restricted full inclusion and impact.

Dasgupta (2020) presented an in-depth case study from Rajasthan on SHGs involved in rural enterprise development. While group formation and initial training were effective, the sustainability of economic activities was hindered by lack of professional handholding, technological inputs, and assured market linkages.

This chronological progression of studies reveals how the understanding of SHGs and microfinance has matured—from simple financial access to a complex interplay of gender, empowerment, institutional support, and long-term sustainability. The current research on Bhiwani district draws on these insights to assess the practical effectiveness of microfinance-driven women's empowerment in an agrarian context.

2. OBJECTIVES OF THE STUDY (EXPANDED)

The present study aims to explore the role of microfinance and self-help groups (SHGs) in transforming the lives of rural women farmers in the Bhiwani district of Haryana. The objectives are structured to provide both quantitative and qualitative insights into the impact of microfinance interventions. Below are the detailed objectives of the study:

- **To examine the socio-economic profile of rural women farmers in Bhiwani district** This includes understanding their age, education level, land ownership, income sources, and access to financial services prior to SHG participation. It forms the baseline to assess the before-and-after impact of microfinance.
- **To assess the functioning and structure of Self-Help Groups in the region** The study seeks to analyze how SHGs are formed, their operational mechanisms, savings patterns, internal lending systems, leadership structures, and group cohesion among members.
- **To evaluate the accessibility and effectiveness of microfinance services provided to SHGs** This involves assessing the ease of availing loans, the adequacy of financial support, interest rates, repayment systems, and the degree of linkage with formal banking institutions.
- **To measure the impact of SHGs and microfinance on women's economic empowerment** Key indicators include changes in income, employment opportunities, ownership of assets, financial independence, and participation in household financial decisions.
- **To explore the role of SHGs in enhancing women's social and political participation** This includes evaluating their involvement in local governance, collective decision-making, awareness of rights, and community leadership roles post their SHG engagement.
- **To identify challenges faced by SHGs and women participants in sustaining microfinance activities** The study aims to highlight issues such as patriarchal resistance, loan defaults, lack of training, market access, and institutional bottlenecks.
- **To suggest policy recommendations for strengthening SHGs and improving microfinance outreach** Based on the findings, the study will propose strategies to enhance the effectiveness of SHGs, improve their sustainability, and ensure broader participation of women farmers in financial and entrepreneurial activities.



3. RESEARCH METHODOLOGY

The research methodology adopted for this study is designed to systematically investigate the role of microfinance and Self-Help Groups (SHGs) in transforming the livelihoods of rural women farmers in Bhiwani district, Haryana. A mixed-methods approach, combining both quantitative and qualitative techniques, has been used to ensure a comprehensive understanding of the subject matter.

Research Design: The study follows a **descriptive and exploratory research design**. Descriptive research has been employed to detail the socio-economic conditions and patterns of SHG participation among rural women, while exploratory techniques help understand deeper behavioral, cultural, and institutional dynamics influencing the effectiveness of microfinance initiatives.

Study Area: The geographical scope of the study is **Bhiwani district** in the Indian state of Haryana. Bhiwani is an agriculturally dominant district, characterized by traditional gender roles and limited access of women to formal credit systems, making it a suitable site for studying microfinance and women's empowerment.

Sampling Method: A **purposive sampling technique** was employed to select the sample. The sample included women farmers who are active members of SHGs and have availed microfinance services for a minimum duration of one year. Emphasis was placed on diversity across age, caste, and income levels to capture a representative picture.

- **Sample Size:** 150 women respondents were selected from different villages of Bhiwani district.
- **Group Interviews:** In addition to individual surveys, 5 Focus Group Discussions (FGDs) were conducted with SHG members to gain qualitative insights.

Data Collection Methods: Data was collected through both **primary and secondary sources**:

- **Primary Data:** Structured questionnaires were administered to the SHG members, along with interviews and focus group discussions to gain firsthand perspectives on microfinance experiences.
- **Secondary Data:** Government reports, SHG records, NABARD publications, NGO documentation, and previous academic studies were reviewed to understand policy frameworks and historical trends.

Tools of Analysis

- **Quantitative data** was analyzed using descriptive statistics (mean, percentage, frequency) and inferential tools such as chi-square test to examine relationships between SHG participation and empowerment indicators.
- **Qualitative data** from interviews and FGDs were thematically analyzed to identify recurring patterns, opinions, and perceptions of the respondents.

Variables Considered: The study examines a range of variables including income levels, decision-making participation, asset ownership, training received, loan repayment behavior, and community engagement to determine the effectiveness of microfinance in empowering women farmers.

Limitations of the Study

- The findings are geographically limited to Bhiwani district and may not be generalizable to other regions.
- The responses rely heavily on self-reporting, which may introduce bias or inaccuracies.
- Time constraints limited the possibility of longitudinal tracking of outcomes.

4. FINDINGS AND ANALYSIS

Based on the structured questionnaires, interviews, and focus group discussions conducted with SHG women members across various villages in Bhiwani district, the following key findings have emerged. These findings are categorized under economic, social, and operational dimensions of microfinance and SHG participation.

Economic Empowerment of Women

- **Increase in Income:** Over 68% of respondents reported a noticeable increase in their household income after joining SHGs. Many women started small-scale enterprises such as dairy farming, tailoring, grocery shops, or food processing using microfinance loans.
- **Asset Ownership:** Approximately 42% of respondents claimed that they now own productive assets such as cattle, sewing machines, or agricultural tools, which they did not possess earlier.
- **Access to Credit:** The majority of women (nearly 85%) highlighted that prior to SHG participation, they had no access to formal credit systems. Microfinance services enabled them to avoid moneylenders who charged exorbitant interest rates.
- **Loan Utilization:** Most women utilized their loans for productive activities, although about 25% also used funds for health expenses or children's education, indicating the flexibility of microfinance use.



Social Empowerment and Decision-Making

- **Enhanced Confidence and Mobility:** Participation in SHGs led to a significant rise in women's confidence levels. 73% of women stated that they now travel independently to banks, markets, or block offices—something they never did earlier.
- **Household Decision-Making:** Around 61% of respondents now participate in financial and other family decisions, such as budgeting, education, or agricultural planning—marking a shift from traditional patriarchal norms.
- **Community Participation:** Several women have become active in village-level groups, such as Mahila Mandals or Gram Sabha meetings. This participation has given them a voice in local governance.
- **Education and Awareness:** Many SHGs now conduct sessions on literacy, health awareness, government schemes, and legal rights. Women reported better awareness of schemes such as MGNREGA, PDS, and pension entitlements.

SHG Functioning and Operational Challenges

- **Savings and Discipline:** Regular monthly savings were a common feature in all SHGs studied. The habit of saving small amounts consistently was appreciated by all participants and considered a life-changing discipline.
- **Loan Repayment Behavior:** The average repayment rate across the studied SHGs was above 90%, suggesting strong group accountability and peer pressure. However, occasional delays were reported during health crises or crop failures.
- **Training and Capacity Building:** While SHGs provided basic training in savings and credit management, only 32% of women had received any form of skill development training—highlighting a critical gap in long-term income generation.
- **Market Linkages and Sustainability:** One of the major concerns expressed was the difficulty in finding reliable markets for SHG-produced goods. Women selling pickles, papad, handicrafts, or dairy products often struggled with fair pricing and transportation.
- **Role of Facilitating Institutions:** NGOs and government functionaries played a critical role in the initial formation and handholding of SHGs. However, continued support was limited, leading to challenges in group sustainability after 2–3 years.

Socio-Cultural Challenges

- **Patriarchal Resistance:** Some women, especially in joint family setups, faced resistance from male family members for attending SHG meetings or managing finances independently.
- **Caste and Social Hierarchies:** In a few SHGs, caste-based exclusion was observed. Women from marginalized communities reported being left out of decision-making within the group.

These findings clearly indicate that while SHGs and microfinance initiatives in Bhiwani have created positive socio-economic ripples in the lives of rural women farmers, there remain critical gaps in institutional support, capacity building, and structural barriers that need to be addressed for long-term sustainability and deeper impact.

5. CONCLUSION AND RECOMMENDATIONS

Conclusion

The findings of this study underscore the transformative potential of microfinance and Self-Help Groups (SHGs) in uplifting rural women farmers in Bhiwani district. Through active participation in SHGs, women who were once marginalized in economic and social spheres are now emerging as contributors to household income, decision-makers within families, and change agents in their communities.

The study revealed that SHG membership not only improves access to credit but also fosters savings behavior, enhances self-confidence, and promotes entrepreneurial engagement. The observed increase in asset ownership, participation in family decisions, and community involvement strongly indicates that microfinance acts as a critical tool for women's empowerment.

However, despite these successes, the research also brings to light several persistent challenges. These include limited access to markets, inadequate training, patriarchal resistance, and occasional group dysfunction due to internal politics or exclusionary practices. The sustainability of SHG operations often depends on continued institutional support, availability of skill-based training, and the creation of enabling policy environments.

Therefore, while microfinance and SHGs have laid a strong foundation for change, long-term transformation requires an integrated and holistic approach that not only empowers women economically but also addresses the deep-rooted social and structural constraints they face.



Recommendations

Based on the empirical findings and analysis, the following recommendations are proposed to enhance the effectiveness and sustainability of microfinance and SHG interventions for rural women farmers in Bhiwani and similar regions:

- **Strengthen Skill Development and Capacity Building** Regular training programs in agriculture, food processing, tailoring, bookkeeping, and digital literacy should be organized in collaboration with local NGOs, Krishi Vigyan Kendras, and government institutions.
- **Enhance Market Access and Value Chain Integration** SHGs should be linked with e-marketing platforms, local mandis, and cooperative networks to ensure fair pricing and wider market outreach for their products. Transportation support and storage facilities should be improved.
- **Promote Inclusive SHG Practices** Special focus should be placed on including marginalized women (e.g., Dalits, widows, single women) in SHGs. Capacity-building modules should include gender and caste sensitivity training for all group members.
- **Facilitate Institutional Support and Handholding** The role of Panchayati Raj Institutions, Women Development Corporations, and SHG federations must be strengthened to provide continuous mentoring and access to government schemes.
- **Encourage Male Involvement in Gender Sensitization:** Gender sensitization workshops for men can help reduce resistance within households and promote a supportive environment for women's financial and social mobility.
- **Simplify Credit Procedures and Increase Loan Limits:** Banks and financial institutions should streamline loan processing for SHGs, reduce documentation barriers, and increase credit limits for successful groups without imposing high-interest burdens.
- **Promote Monitoring and Impact Assessment Mechanisms:** Establish a district-level monitoring body to assess the functioning of SHGs, document best practices, and provide timely interventions when groups face difficulties.
- **Integrate Financial Literacy into SHG Activities** Regular financial education on budgeting, saving, investment, and insurance can help women manage their finances better and avoid over-indebtedness.

6. REFERENCES

- [1] NABARD (2023). SHG Bank Linkage Programme: Status Report
- [2] Ministry of Rural Development (2022). DAY-NRLM Progress Report
- [3] Haryana State Rural Livelihood Mission (2023). Annual Performance Report
- [4] Singh, R. & Rani, P. (2021). "Microfinance and Women Empowerment in Haryana." *Indian Journal of Rural Studies*, 15(2), 45–58
- [5] Kabeer, N. (2005). "Is Microfinance a Magic Bullet?" *Economic and Political Weekly*, 40(44–45), 4709–4718
- [6] Sen, A. (1999). *Development as Freedom*. Oxford University Press
- [7] Longwe, S.H. (1995). *Gender Awareness: The Missing Element in the Third World Development Programmes*.
- [8] PRADAN (2022). Impact Evaluation of SHG Interventions in North India
- [9] GOI (2021). "Women in Agriculture – Census Highlights." Ministry of Agriculture
- [10] Bhatia, R. (2020). "SHG-led Agri-Enterprises in Semi-Arid Zones." *Journal of Women's Studies*, 9(3), 22–38