International Journal of Humanities & Social Science Studies (IJHSSS)
A Peer-Reviewed Bi-monthly Bi-lingual Research Journal
ISSN: 2349-6959 (Online), ISSN: 2349-6711 (Print)
Impact Factor: 6.8
Volume-XII, Issue-IV, July 2026, Page No. 121-134
Published by Scholar Publications, Sribhumi, Assam, India, 788711
Website: http://www.ijhsss.com
DOI: 10.29032/ijhsss.vol.12.issue.04W.351

Self-Help Groups and Financial Inclusion in India: An Analysis of Growth Trends, Debt Recovery and Underlying Variations

Dr. Baharul Alom Laskar
Assistant Professor, Dept. of Economics, Govt. Model College Borkhola, Cachar, India

Received: 12.06.2026; Accepted: 03.07.2026; Available online: 31.07.2026

Abstract

This study mainly focused on the growth of SHGs with a focus on flow of credit and financial inclusion in India during the time period from 2017-18 to 2024-25. The basic objectives of the study are to analyse the annual growth rate of SHGs and the loan disbursement to the these. The financial inclusion in terms of SHG-bank linkage and debt recovery status has also been anlysed in the study. The study is based on secondary sources of data derived from various government reports published by the different ministries of Government of India. The specific objectives of the study have been addressed with the help of descriptive cum analytical methodology along with the estimation of ANOVA-single factor test. It is found that, during recent times annual growth rate of SHGs across Indian states have been increased at the highest ever rate but the annual growth rate of Loan sanctioned to the SHGs has been declined. All most all the Indian states except Madhya Pradesh, Uttar Pradesh and Bihar have 100 percent SHG-bank linkage. Though there is significant variations in number of SHGs linked to the banks but the women members of SHGs across Indian states mostly preferred to do banking transactions with commercial banks followed by regional rural and cooperative banks. The majority of the Indian states have reveled less than 100 percent outstanding loan achievements indicating a healthy credit linkage between SHGs and the banks of the concerned states. Some preliminary policy suggestions have been given based on the vital findings of the study.

Keywords: Self Help Groups (SHGs), Annual growth rates, Loan disbursement, SHG-bank linkage, Debt recovery status, Outstanding loan amount

Introduction:

Self Help Groups (SHGs) are the most crucial in engaging women in general and rural women in specific for productive works. The formation of SHGs leads to the derivation of institutional loan foe the development of the entrepreneurial skills, efficiencies and abilities of women. Growth of SHGs ensure the active involvement of more women in groups for their self-development as well as the development of the socio-economic status of the economy. Financial inclusion is a major gateway through which women can access the digital banking and financial services which further ensures their financial empowerment. Significant number of Self-Help Groups have been formed in the States like Bihar, Kerala, Manipur, Tamil Nadu and Uttarakhand (Saravanan et al., 2024). Commercial and cooperative banks have been found to be more effective in credit and loan disbursement to the SHGs. However, on account of mismanagement and increasing inference of government, the regional rural banks have been found to be lagging behind in the said aspect (Pandey et al., 2025). During the year 2020 and 2021, the concept of SHGs gained much popularity. Researchers found that, SHGs primarily attracts loan under microfinance which further contributes to employment generation and poverty reduction in rural area (Yadav et al., 2024; Kandpal, 2022; Minz, 2023). Participation of women in SHGs have significantly contributed to women entrepreneurship in the context of startup of business, employment generation, earning livelihood and enhancement of skills and efficiencies (Bhaskar & Yadav, 2025; Dokku, 2023). A part from poverty alleviation SHGs have also been contributed in reduction of bad loans, dependency on non-institutional credit and also empowered women to manage their financial aspects and save money to meet their needs and obligations (Biju & Tantia, 2024). The linkage between SHG and bank has been found to be one of the most vital initiatives in the context of micro finance in India. This has channelised the household savings towards bank deposits and derivation of loan for the women belonging to the low-income households to achieve eco financial stability in the economy (Pandey et al., 2024, Santhipriya & Vijayalakshmi, 2025). Digitalisation of SHGs contributed to the simplified loan application procedure and subsequent disbursal from the nationalized banks. Digitisation simplified SHG loan applications and disbursements and greatly reduced financing costs (Sarawagi & Singh, 2024). Women's involvement in SHGs emphasised on their empowerment resulting from active participation in community and capacity building which helped to strengthen financial inclusion and collective works for achieving economic goals (Somani & Singh, 2025; Sakaray et al., 2025; Al-Kubati & Selvaratnam, 2023; Dubey et al., 2021). In the context of rural India, SHGs have been found to be the vital source of financial inclusion and enhanced credit facilities thereby leading to financial empowerment of women (Ramya & Kalluraya, 2025; Nanda & Jena, 2024). Women led SHGs have been found to be the most crucial engine of rural development in India in terms of bringing a large section of poor and economically backward women in to the process of utlising collective savings and credit lending from banks. This further helps in developing entrepreneurship at the micro level and non-dependency on informal credits and better access to organised financial services (Tripathi et al., 2025; Kumar & Kumar, 2025; Srivastava et al., 2024). When women members of SHGs are covered under financial inclusion digitally it helps them easier access to banking services and online transaction with frequent visit to the banks (Sreeja & Jayalakshmi, 2026). However, studies also found that, women are more active and habituated in traditional banking instead of digital banking (Roy & Singh, 2025). Women who have joined the SHGs are more empowered and developed socio-economically compared to the women who have not joined the SHGs (Paramasivam, 2022). Training programme of SHG members helps widely in the achievement of economic empowerment of women (Sumithaa, 202). Bank led SHGs have been benefitted from the micro finance which further reduced poverty by creating employment opportunities among the rural women in India (Chattopadhyay & Roy, 2024). Women members of SHGs without savings prefer to save in the banks in a regular basis and becomes active customer to derive credit facilities from the banks (Mahato et al., 2023). In the context of Assam, SHGs have exerted tremendous impact on the socio-economic empowerment of rural women by implanting the schemes under National rural livelihoods mission (Hazarika & Singkai, 2022).

Having gone through the recent and relevant literature a research gap has been traced out in the context of analysis of the growth of SHGS and financial inclusion in India. Researchers mainly focused on the issue of micro finance and SHG linkage and the women empowerment. In this background this study has been conducted to analsye the growth of SHGs, loan disbursement and bank linkage and accessibility of women in India.

Objectives of the study:

(i) To investigate the annual percentage growth rates of SHGs and amount of loan disbursed to these in India during 2027-18 to 2024-25.

(ii) To analyse the trends and patterns of the growth of SHGs and loan amount disbursed in India during the study period.

(iii) To understand the recent status of SHGs bank linkage and variations across the major types of banks in India with a focus on the best and least performing states.

(iv) To investigate the comparative debt recovery status of SHGs across the different states in India.

Data Sources and Methodology:

This study is based on the secondary sources of data mainly compiled from the crucial sources like- Open Government Data (OGD) Platform, India, Press Release: Press Information Bureau, Ministry of Rural Development, Govt. of India and Deen Dayal Antyodaya Yojana- National Rural Livelihoods Mission Report 2025-26, Ministry of Rural Development, Govt. of India. Descriptive cum analytical methodology has been used in terms of tabular and graphic presentation along with calculation of annual growth rate formula and ANOVA: single factor for understanding variations. The specified objectives of the study have been addressed by analysing the data derived and compiled from the sources.

Data Analysis, Results and Discussion:

Table: 1

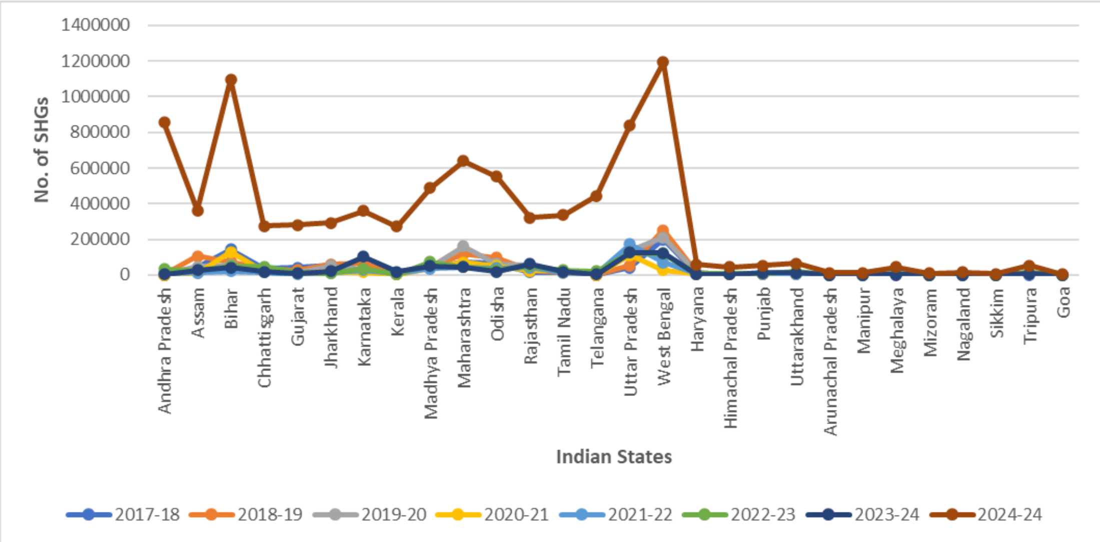
Annual Growth rate of Self-Help Groups (SHGs) in India during 2017-18 to 2024-25 (in %)

States	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Avg. Gr
Andhra Pradesh	…..	0.00	0.00	0.00	5570.25	269.71	-92.52	34427.85	5739.33
Assam	…..	146.03	-55.56	-77.92	28.42	103.26	-4.57	1308.16	206.83
Bihar	…..	-48.90	-25.52	135.84	-82.98	134.99	-18.42	2497.06	370.29
Chhattisgarh	…..	-1.80	-4.38	-49.63	-21.87	235.59	-61.77	1388.13	212.04
Gujarat	…..	-33.87	-50.67	-21.84	-66.04	217.95	-14.76	2755.55	398.05
Jharkhand	…..	5.83	-13.94	-72.84	-6.59	-20.61	102.26	1323.49	188.23
Karnataka	…..	169.21	-54.70	-48.15	65.67	43.94	182.52	245.95	86.35
Kerala	…..	-59.80	19.86	35.82	130.10	-58.68	317.82	1471.32	265.21
Madhya Pradesh	…..	1.74	-0.47	-8.34	-10.11	101.08	-29.37	851.74	129.47
Maharashtra	…..	65.80	39.99	-56.93	-38.30	-0.14	2.22	1353.87	195.22
Odisha	…..	45.34	-36.07	-19.17	-21.59	-23.65	-34.50	2741.52	378.84
Rajasthan	…..	50.90	142.87	-55.55	72.16	18.82	22.40	420.35	95.99
Tamil Nadu	…..	10.48	-24.60	98.58	-36.21	73.84	-33.65	1724.39	258.97
Telangana	…..	0.00	0.00	97300.00	992.09	99.24	-83.90	12882.97	15884.34
Uttar Pradesh	…..	29.77	156.09	-18.28	54.17	-26.90	0.96	563.82	108.52
West Bengal	…..	26.52	-16.65	-86.82	159.00	67.58	3.51	859.73	144.70
Haryana	…..	126.98	-2.28	-57.61	1.75	20.28	-56.76	1953.85	283.75
Himachal Pradesh	…..	10.31	-28.69	70.98	76.52	-10.08	-57.82	1257.36	188.37
Punjab	…..	-2.16	235.75	-6.23	-1.89	12.75	49.68	316.11	86.29
Uttarakhand	…..	76.95	-23.38	-70.16	98.27	257.56	-32.79	457.21	109.09
Arunachal Pradesh	…..	6.21	-37.66	-45.09	191.33	247.07	-44.60	467.49	112.11
Manipur	…..	-30.98	-2.56	-44.63	446.12	222.18	-58.82	586.38	159.67
Meghalaya	…..	87.75	104.39	-22.44	-0.87	-43.62	-69.25	3044.48	442.92
Mizoram	…..	-29.74	-27.34	28.99	-7.84	88.81	-44.31	994.79	143.34
Nagaland	…..	68.81	19.97	-8.63	-91.69	555.00	2.57	943.23	212.75
Sikkim	…..	85.79	39.23	-26.82	-86.06	124.48	5.61	1644.84	255.29
Tripura	…..	119.91	14.07	188.91	-47.38	73.07	-52.21	789.21	155.09
Goa	…..	-4.73	-87.88	229.50	-9.83	-32.45	-49.10	2640.14	383.66

Source: Author's Compilation & estimation from Open Government Data (OGD) Platform, India & Press Release: Press Information Bureau, Ministry of Rural Development, Govt. of India, 11 FEB 2025 5:43PM by PIB Delhi; Avg. Gr- Average Growth Rate

Table 1 reveals the inconsistent annual growth rates of SHGs across Indian states over the study period. During 2028-19 taking 2017-18 as the initial year, it is observed that, states like Assam, Karnataka, Haryana and Tripura have achieved more than 100 percent growth rates in formation of SHGs while in Andra Pradesh and Telangana no SHGs has been formed. States like Bihar, Chhattisgarh, Gujarat, Kerala, Punjab, Manipur, Mizoram and Goa have recorded negative growth rate of SHGs during 2018-19. However, during 2019-20, states like Assam, Jharkhand, Karnataka, Madhya Pradesh, Odisha, Tamil Nadu, West Bengal, Haryana, Himachal Pradesh, Uttarakhand, Arunachal Pradesh have been added in the group of states having negative growth rate of SHGs. The negative growth rates of SHGs during 2020-21 is due to the outbreak of the covid-19 pandemic and during 2022-23 the positive growth rate in the same has been recovered. During 2023-24, out of 28 states 18 states have recorded negative growth rates in SHGs followed by positive growth rate in the same across Indian sates during the recent period 2024-25. The ever-positive growth rates of all the Indian states during the recent times are an important milestone in formation of SHGs. The highest annual growth rates in formation of SHGs has been archived by the states like Andra Pradesh which had zero growth rates in SHGs from 2018-19 to 2020-21 followed by Telangana which also had zero growth rates in the same during 2018-19 and 2019-20. However, Telangana found to be the best performing state in formation of SHGs as indicated by the Average growth rate of the state during the entire study period followed by Andra Pradesh. These two states cannot be considered as consistently performing states due to their zero growth rates in formation of SHGs initially.

The trends and patterns of the absolute growth rates of SHGs across Indian states is further presented in figure 1.



Source: Drawn on the basis of data in table 1.

Figure: 1 Trends and patterns of the Growth of SHGs in India during 2017-18 to 2024-25

It is clearly visible from figure 1 that, the trends and patterns of the growth of SHGs in India has not followed a smooth path rather from 2017-18 to 2023-24 the growth patterns of SHGs were almost stagnant. The period 2024-25 has outperformed in SHG formation in 16 states and negligible performance for the reaming 12 states as reflected from the trend lines. States like Arunachal Pradesh, Bihar, Uttar Pradesh and West Bengal have outperformed in formation of SHGs in absolute figure. This further indicates the good performance in SHGs formation to be achieved by some states in coming days also.

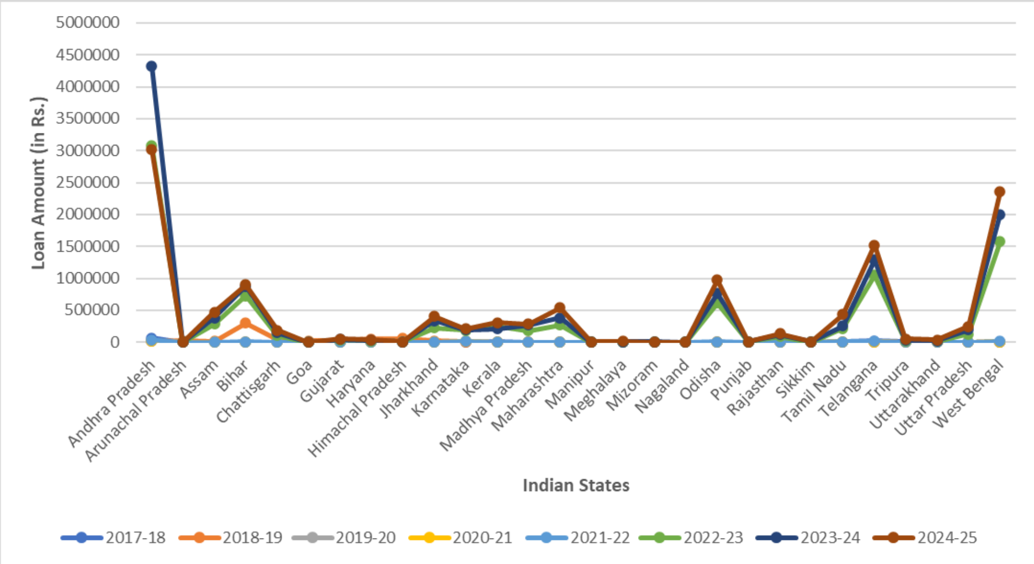
Table: 2 Annual Growth rate of loan sanctioned to Self-Help Groups (SHGs) in India during 2017-18 to 2024-25 (in %)

States	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Avg. Gr
Andhra Pradesh	…	-73.14	11.80	25.75	53.57	7710.32	40.44	-30.18	1105.51
Arunachal Pradesh	…	0.00	-100.00	318.56	90.15	49982.51	-31.78	13.88	7181.90
Assam	…	4557.38	-97.90	130.04	126.99	15289.99	34.15	23.06	2866.25
Bihar	…	292934.95	-98.76	-6.07	69.69	12153.64	20.25	2.75	43582.35
Chhattisgarh	…	1922.92	-98.76	36.51	44.61	11246.38	46.45	21.76	1888.55
Goa	…	0.00	-99.87	-21.69	31.39	3722.21	57.43	28.38	531.12
Gujarat	…	2030.07	-99.02	1.68	36.28	12870.03	9.77	14.70	2123.36
Haryana	…	0.00	-99.84	69.94	72.19	8435.50	66.95	2.68	1221.06
Himachal Pradesh	…	56467.31	-99.85	12.81	29.05	4176.75	54.25	30.35	8667.24
Jharkhand	…	9217.71	-97.84	66.37	93.50	12867.48	48.36	20.98	3173.79
Karnataka	…	322.08	14.14	12.88	29.34	908.79	3.02	6.32	185.22
Kerala	…	-47.17	-5.46	30.92	5.48	5936.93	-14.75	45.40	850.20
Madhya Pradesh	…	-94.43	64.01	68.40	175.99	12832.23	48.87	6.42	1871.64
Maharashtra	…	-47.21	18.30	11.16	82.83	7293.73	39.91	41.89	1062.94
Manipur	…	-97.20	213.74	-26.10	45.65	16250.04	2.76	118.03	2358.13
Meghalaya	…	0.00	90.67	61.62	66.47	11534.28	61.70	54.42	1695.59
Mizoram	…	-38.94	73.98	79.08	-41.76	13418.66	93.20	-23.70	1937.21
Nagaland	…	0.00	0.00	13.51	-3.14	6373.55	45.72	163.22	941.84
Odisha	…	-4.37	38.09	25.98	66.13	11509.78	23.99	26.98	1669.51
Punjab	…	573.00	38.34	52.09	139.48	7273.64	101.76	5.95	1169.18
Rajasthan	…	574.97	41.34	2.18	53.56	9623.92	30.03	12.01	1476.86
Sikkim	…	0.00	6.68	15.15	37.95	14049.28	50.69	21.23	2025.85
Tamil Nadu	…	12.09	7.10	0.47	29.99	2851.37	16.62	71.04	426.96
Telangana	…	-69.95	6.40	23.72	31.91	7764.49	22.71	17.96	1113.89
Tripura	…	-99.77	194.55	32.09	97.09	11947.22	23.51	55.74	1750.06
Uttarakhand	…	350.00	98.50	43.10	76.08	14777.62	96.50	40.86	2211.81
Uttar Pradesh	…	-92.20	62.95	37.55	162.18	22206.64	51.03	24.40	3207.51
West Bengal	…	101.50	30.85	18.59	19.40	11881.81	27.45	17.29	1728.13

Source: Author’s Compilation & estimation from Open Govt. Data (OGD), India; Avg. Gr- Average Growth Rate

Table 2 reveals the Loan or credit disbursed to SHGs which is the life line of the operation and running of these. Initially during 2018-19 taking 2017-18 as the base year, highest percentage of loan has been disbursed to Bihar followed by Himachal Pradesh with zero percent loan in Arunachal Pradesh, Goa, Haryana, Meghalaya, Nagaland and Sikkim. States like Andra Pradesh, Kerala, Madhya Pradesh, Maharashtra, Manipur, Mizoram, Odisha, Telangana, Tripura and Uttar Pradesh found to have negative growth rates in loan disbursement. The negative growth rate of loan has been sustained up to 2020-21 and thereafter positive growth rate of the same has occurred from 2021-22 onwards except in the states like Mizoram and Nagaland. The ever-positive growth rate in loan disbursement to SHGs has been recorded in 2022-23 and Arunachal Pradesh received the highest percentage of loan. It is to be noted that, from 2023-24 onwards, the growth rate of loan disbursement to SHGs has been found to be declining. The highest percentage of loan has been disbursed to Nagaland followed by Manipur and negative rate of loan disbursement to Andra Pradesh and Mizoram during the recent year 2024-25. The average loan disbursement during entire study period has been find to be highest in Bihar.

The trends and patterns of the growth of loan disbursed to the SHGs of the Indian states in absolute figure is reflected in figure 2.



Source: Drawn on the basis of data in table 2

Figure: 2 Trends and patterns of the Growth of loan sanctioned to SHGs in India during 2017-18 to 2024-25

Figure 2 reveal the inconsistent growth of loan amount in rupees crore disbursed to the SHGs of Indian states. Over the study period, it is seen that, up to 2021-22 the growth of loan disbursement to the SHGs has been found to be almost stagnant implying flat growth without hike. From 2022-23 onwards, the disbursal of loan amount has been increased across the different states and states like Bihar, Odisha, Telangana and West Bengal has been received loan amount in the range of rupees 1000000 crore to 1500000 crore. During 2023-24 and 2024-25 the amount of loan disbursed to the states has been found to be more than the earlier periods. Recently, Arunachal Pradesh, West Bengal, Telangana, Odisha and Bihar have been disbursed highest amount of loan among Indian states. The trend lines do not indicate any clear path of hike in the loan disbursement to SHGs in the coming years except any special provision of government of the underperforming states in India.

Table 3

Status of Bank Account of SHGs across Indian States

States	SHGs Have bank A/C (in %)	SHGs don't Have bank A/C (in %)
Andhra Pradesh	99.99	0.01
Telangana	100.00	0.00
Tripura	99.40	0.60
Kerala	99.96	0.04
Tamil Nadu	99.92	0.08
West Bengal	99.06	0.94
Madhya Pradesh	94.84	5.16

Maharashtra	99.73	0.27
Karnataka	99.76	0.24
Odisha	99.57	0.43
Chattisgarh	98.94	1.06
Uttar Pradesh	96.37	3.63
Gujarat	99.87	0.13
Assam	99.98	0.02
Jharkhand	99.97	0.03
Manipur	99.54	0.46
Himachal Pradesh	99.95	0.05
Bihar	94.47	5.53
Rajasthan	97.20	2.80
Mizoram	99.99	0.01
Uttarakhand	99.93	0.07
Punjab	99.82	0.18
Arunachal Pradesh	98.86	1.14
Goa	100.00	0.00
Haryana	99.75	0.25
Meghalaya	98.88	1.12
Nagaland	99.91	0.09
Sikkim	99.90	0.10

Source: Author's Compilation & estimation from Deen Dayal Antyodaya Yojana- National Rural Livelihoods Mission Report 2025-26, Ministry of Rural Dev. GOI

In table 3 the recent status of the possession of bank account of SHGs has been analysed. The importance of bank accounts of SHGs is a crucial determinant of the financial inclusion of SHGs. It is found that, almost all the SHGs of the states have opened bank account with 100 percent banking penetration among the SHGs except for the states like Madhya Pradesh, Chhattisgarh, Uttar Pradesh, Bihar, Arunachal Pradesh, Rajasthan and Meghalaya. The second column of the table shows the percentage of SHGs without bank account and Madhya Pradesh and Bihar are in the top most position.

Table 4:
Recent Variations in SHG-Bank linkage in India

	Regional Rural	Commercial	Cooperative	F- statistic
No. of SHG linked branches	**721.25 (908.72)**	**2081.39 (1863.95)**	**513.04 (1016.44)**	**11.43**
No. of SHGs Linked	119554.86 (149054.5)	191684.68 (210226.1)	35700.68 (54612.36)	7.38*

Source: Author's estimation from Deen Dayal Antyodaya Yojana- National Rural Livelihoods Mission Report 2024-25, Ministry of Rural Dev. GOI

*Significant at 1% level; p<0.01; Value in the parentheses indicate Standard deviation

In table 4, the SHG- bank linkage variation in India across three major types bank like regional rural, commercial and cooperative banks has been analysed. It is found that, highest number of 2081 branches of commercial banks have 191684 number of SHGs linkage followed by the Regional rural and cooperative banks in India. As indicated by the value of standard deviation, highest variation is observed in case of SHG linked branches in commercial banks followed by cooperative and regional rural banks in India. But this variation has not been found statistically significant. Again, highest variation has been found in commercial banks in the number of SHGs linked followed by regional rural banks and cooperative banks and the said variation has been found to be statistically significant.

Table 5:

Recent debt recovery status in terms outstanding loan to SHGs across Indian states (Amount in Rs. Lakh)

States	Outstanding amount (Targeted)	Outstanding amount (Actual)	Achievement %
Andhra Pradesh	8705600	5934183.29	68.17
Arunachal Pradesh	3000	3890.97	129.70
Assam	542300	663783.55	122.40
Bihar	1905900	1930993.69	101.32
Chhattisgarh	219500	221889.42	101.09
Goa	7800	2862.78	36.70
Gujarat	65000	61554.99	94.70
Haryana	45300	32632.91	72.04
Himachal Pradesh	25800	14346	55.60
Jharkhand	459600	585833.39	127.47
Karnataka	2590500	276410.16	10.67
Kerala	929300	454860.19	48.95
Madhya Pradesh	373800	365661.52	97.82
Maharashtra	912700	589558.22	64.59
Manipur	5000	4617.7	92.35
Meghalaya	19000	26469.39	139.31
Mizoram	8000	7461.84	93.27
Nagaland	10000	5011.27	50.11
Odisha	1248000	1165770.8	93.41
Punjab	16000	9231.47	57.70
Rajasthan	225000	149540.51	66.46
Sikkim	6000	4877.81	81.30
Tamil Nadu	2000000	512057.62	25.60
Telangana	2580000	2281292.7	88.42
Tripura	40000	51123.11	127.81
Uttar Pradesh	250000	257596.81	103.04
Uttarakhand	30000	32672.51	108.91
West Bengal	2336000	2622699.92	112.27

Source: Source: Author's compilation & estimation from Annual report 2024-25 of National Rural Livelihood Mission- Bank Linkage, Ministry ofc Rural dev, Govt. of India

Table 5 reveals the achievements of credit linkage programme with SHGs in terms of analysing the ratio of actual outstanding amount of loan to the targeted amount. A healthy or unhealthy credit linkage between the SHGS and financial institutions can be evaluated from the achievement percentage of outstanding amount of loan disbursed. It is observed that, SHGs of 10 states like Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Jharkhand, Meghalaya, Tripura, Uttar Pradesh, Uttarakhand and West Bengal have more than 100 percent outstanding achievement. This implies that, these states have actual outstanding amount more than the targeted outstanding amount there by indicating the over outstanding loan taken by SHGs from banks. On the other side, SHGs of the rest of the 18 states have less than 100 percent outstanding loan achievement to the SHGs which implies the lesser actual outstanding amount compared to the banks targeted outstanding amount. The North Eastern state Meghalaya has the highest outstanding achievement percentage indicating the unhealthiest credit linkage between SHGs and banks including other financial institutions followed by lowest outstanding achievement percentage of the SHGs of Karnataka indicating the healthiest linkage between the two.

Discussion:

During the initial periods majority of the Indian states have been found to be underperformed in the formation of SHGs. For example, Andra Pradesh and Telangana experienced zero growth rate in formation of SHGs in the initial three and two years respectively. States like Chhattisgarh, Gujarat, Jharkhand, Odisha, Meghalaya and Goa also experienced negative growth rates in SHGs formation for three to five consecutive years during the study period. The recent growth rate of SHGs is quite appreciable with the highest annual growth rates in Andra Pradesh followed by Telangana. This indicates the recent outperformance of the two states due to some boosting factors in the sates. In the context of SHG formation, the absence of negative growth rates recently and the positive average growth rates over the study period indicates favorable SHG formation in the coming days across Indian states. Regarding number of SHGs formation during the entire study period a steady trend line has been observed except the highest ever SHGs formed recently in the states like West Bengal, Bihar, Uttar Pradesh and Andra Pradesh. This implies the innovative steps taken in these states to encourage the women to join SHGs. Financial requirements of the operation of SHGs depends mainly on loan or credit and the analysis of its growth rates and trends will attract the government and financial institutions to take the necessary steps. States like Bihar, Goa and Kerala experienced negative growth rate of loam disbursement to the SHGs for two consecutive years initially. Although, the period 2022-23 recorded the highest growth rate of loan disbursement to the SHGs across Indian states but the recent decline in such growth rates is quite unsatisfactory implying the higher rate of outstanding amount of loan of the SHGs across the states. It is to be noted that, unlike the recent annual growth rates of SHGs, the recent decline in the loan disbursement is a matter of great concern in India.

Although the recent trend lines of loan amount disbursed to the SHGs shown an uprising trend but the same has been concentrated in few states like Andra Pradesh, Bihar, Jharkhand, Maharashtra, Odisha, Telangana and West Bengal. This implies further regional disparity in the context of development from the operation of SHGs in India. Regarding financial inclusion, the satisfactory banking penetration in terms of possessing almost 100 percent bank accounts of the SHGs across states acts as a boosting factor in credit linkage programme to the banks in India. Highest number of SHGs has been found to be linked with commercial banks followed by regional rural banks and cooperative banks in India. This implies the non-availability of the branches of cooperative banks in the rural area and the subsequent smooth operations of such banks in India. The efficiency of the credit linkage between SHGS and the banks can be well understood from the percentage of outstanding amount of loan carried out by the states like Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Jharkhand, Meghalaya, Tripura, Uttar Pradesh, Uttarakhand and West Bengal have more than 100 percent outstanding achievement. Recently these states have been found to experience more than 100 percent achievement percentage in outstanding loan amount and the rest of the states have experienced less than 100 percent achievement percentage in the said context. It indicates that, the actual lending amount to the 10 states is more than the targeted lending amount by the financial institutions implying the increasing credit requitements of the states as well as growing Non-Performing Assets (NPA) in these states. However, for the remaining 18 states, the credit requirement has been found to be lower than the targeted requirements and declining NPA.

Conclusion:

This study primarily focuses on the growth of SHG formation, loan disbursement and financial inclusion as well as banking penetration among the SHGs across Indian states over a study period of last eight years. In Andra Pradesh the highest annual growth rate in SHGs formation has been found which had zero growth rates in SHGs from 2018-19 to 2020-21 followed by the state Telangana with zero growth rates in the same during 2018-19 and 2019-20. However, as per average growth rate of SHG formation during the entire study period, Telangana found to be the best performing state followed by Andra Pradesh. The trend lines of the absolute growth of SHGs across the states during 2024-25 reveals good performance in SHG formation in the 16 states and the reaming 12 states recorded negligible performance. The outperformance in number of SHG formation has been found in the States of Arunachal Pradesh, Bihar, Uttar Pradesh and West Bengal. The analysis further indicates the favourable performance of SHG formation in some states which have shown satisfactory performance in number of SHGs. The loan or credit facilities from banks and other financial institutions is the vital determinant for the survival of SGHs and their successful operations. The loan disbursement strategy has not followed any sequential trend in allocating the credit as found from the declining growth rate of loan disbursement to SHGs from 2023-24 onwards. Recently during 2024-25, the highest percentage of loan has been disbursed to the state of Nagaland followed by Manipur but Andra Pradesh and Mizoram secured negative rate of loan disbursement. Bihar achieves the top most position in average loan disbursement during entire study period. On the other side in the context of absolute growth of loan disbursement to SHGs across the states, it is found that, the amount of loan disbursed to the states has been found to be more during 2023-24 and 2024-25 as compared to the earlier periods. Recently, highest amount of loan has been disbursed to Arunachal Pradesh, West Bengal, Telangana, Odisha and Bihar. However, the trend lines do not support the expectation of hike in the loan disbursement to SHGs in the coming years provided that respective state governments make any provision in enhancing loan allocation to the SHGs. Financial inclusion among SHGs also determined by the access and utilisation of banking services and 100 percent banking penetration has been found as per the possession of bank accounts by almost all the states except for Madhya Pradesh, Chhattisgarh, Uttar Pradesh, Bihar, Arunachal Pradesh, Rajasthan and Meghalaya. Regarding SHG bank linkage, it is found that, commercial banks are mostly favoured by the SHGs in their financial transaction followed by regional rural and cooperative banks due to the factors like branch availability, banking behaviour, smooth transaction and timely responses etc. The highest interstate variation in such linkage as indicated by the value of standard deviation has been found in case of commercial banks followed by regional rural and cooperative banks. Women SHG members of West Bengal, Bihar and Tamil Nadu have mostly preferred while women from Mizoram, Nagaland and Bihar have not preferred the commercial, regional rural and cooperative banks respectively for their banking transaction. To conclude, it can be said that the growth of SHGs but not the annual growth rate has been found to be satisfactory in India. Likewise, the absolute amount of loan disbursement to SHGs but the growth per annum has been found to be satisfactory. Except few states, almost 100 percent banking inclusivity has been found among the SHGs across Indian states.

Policy Suggestions:

Based on the preliminary findings of the study, it is suggested that,

(i) The underperforming states like Karnataka, Punjab, Rajasthan in the context of SHG formation must pay due attention with more women to be involved in the process.

(ii) The state governments must make provision in increasing the loan and credit facilities to the SHGs for their survival and entrepreneurial development.

(iii) States like Arunachal Pradesh, Bihar, Karnataka, Madhya Pradesh, Punjab, Rajasthan, Telangana and west Bengal in general and Andra Pradesh and Mizoram in specific should emphasise on the loan disbursement to the SHGs of their respective states.

(iv) SHGs of Madhya Pradesh, Chhattisgarh, Uttar Pradesh, Bihar, Arunachal Pradesh, Rajasthan and Meghalaya must take immediate steps to open bank accounts to ensure 100 percent banking penetration.

(v) More branches of regional rural banks and cooperative banks should be opened in across Indian states especially in the rural areas for east reach and access by the women members of SHGs.

(vi) More awareness campaign must be organised across Indian states to encourage women to be engaged with SHGs and develop entrepreneurship.

(vii) Proper monitoring and evaluation of the performance of SHGs should be administered to ensure the proper functioning of SHGs with best allocation of resources towards employment generation.

Limitations and future scope of research:

The study is limited in analysing the growth and trends of SHGs and financial inclusion among Indian States. Future researches can be conducted both in the context of inter and intra state to find out the factors determining the good performance and under performance of the SHGs in the various aspects. Regional variations can also be analysed to understand the inequalities in the performance of SHGs across the developed, developing and under developed states to attract the policy makers to design suitable strategies.

References:

1. Al-Kubati, N. A. A., & Selvaratnam, D. P. (2023). Empowering women through the Self-Help Group Bank Linkage Programme as a tool for sustainable development: lessons from India. Community Development Journal, 58(2), 283-308.
2. Bhaskar, H.L., Yadav, S. (2025). Impact of self-help groups (SHGs) on entrepreneurship development an empirical study. Journal of Global Entrepreneurship Research 15, 215- 228.
3. Biju, D. S., & Tantia, V. (2024). Social capital in the form of self-help groups in India: a powerful resilient solution to reduce household financial vulnerability. Social Work with Groups, 47(3), 282–295.
4. Chattopadhyay, G. & Roy, S. (2024). Assessing The Landscape: A Survey of Microfinance Self-Help Groups and Their Impact on Financial Inclusion. International Journal for Multidisciplinary Research, 6(2), 1-20.
5. Dokku, S. R., Murugan, P. S. B., Vijai, C., Dhinakaran, D. P., Ilyas, M. M. M., & Lakshmi, M. R. (2023). Role of Self-Help Group in Socio-Economic Development of India. European Economic Letters (EEL), 13(4), 534-544.
6. Dubey, S., Dwivedi, A., Agarwal, N., & Singh, C. K. (2021). Role of Microfinance and Self-Help Group in Women's Financial, Behavioral and Psychological Empowerment. Indian Journal of Economics and Business, 20(4), 1829-1838.
7. Hazarika, J., & Singkai, C. N. (2022). Impact of Self-Help Group on Economic Empowerment of Rural Women by Support of Govt, a Study in Dhemaji District, Assam. Resmilitaris, 12(6), 862-867.
8. Kandpal, V. (2022). Socio-economic development through self-help groups in rural India–a qualitative study. Qualitative Research in Financial Markets, 14(5), 621-636.
9. Mahato, T., Jha, M.K., Nayak, A.K. and Kaushal, N. (2023). Empowerment of women through participation in Self-Help groups: a bibliometric analysis and systematic review. Journal of Enterprising Communities: People and Places in the Global Economy, 17(6), 1511-1538.
10. Minz, N. K. (2023). Impact of Microfinancing and Self-Help Groups (SHGs) on Women's Empowerment. Inclusive Innovation for Sustainable Development in Contemporary Era, 1, 212-224.
11. Nanda, S. & Jena, S. K. (2024). Financial Socialisation and Promotion of Financial Inclusion, among Women Self- Help Group Members: An analysis. Journal of Informatics Education and Research, 4(1), 646-660.
12. Pandey, A., Murugesan, R., Nathan, H. S. K., & Narayanan, B. G. (2025). Financial Inclusion and Performance of Self-Help Group in India: A Comparative Study Across Banking Agencies. Journal of Economic Issues, 59(1), 267–281.
13. Pandey, L., Rajeev, P.V., Saxena, A. (2024). Investigating Financial Literacy's Influence on Self-Help Group-Bank Linkage Programme with Special Reference to the Indian state of Uttarakhand. Circular Economy and Sustainability. 4, 2339–2364.
14. Paramasivam, S. (2022). Socio-economic characteristics and empowerment of women's self-help and non-self-help groups in Tamil Nadu. Indian Journal of Economics and Development, 18(4), 892-899.
15. Ramya, L. P & Kalluraya, S. (2025). Empowering Rural Women Through Self-Help Groups: A Pathway to Financial Inclusion and Economic Independence. International Journal on Science and Technology 16(3), 1-12.

16. Ranjan Kumar1, Dr. Bablu Kumar2 (2024). Empowering Communities: A Socio-Economic Analysis of Self-Help Groups (SHGs). International Journal for Multidisciplinary Research, 6(3), 1-8.
17. Roy, S. & Singh, A. (2025). Digital Financial Inclusion Among Self Help Group Women in India: A Study on Adoption, Ability and Attitude, Springer Books, in: Firdous Ahmad Malik & Samriti Mahajan & Devendra Kumar Yadav & Naveed Ahmad Lone & Shahid Amin (ed.), Financial Resilience and Environmental Sustainability, 167-188, Springer.
18. Sakaray, V., Lenin, V., Nath, R. K., Wason, M., Mahra, G.S., Ray, M., Praveen K. V., Sravani, S. & Soumya, C. (2025). Self-Help Groups as Catalysts for Financial Inclusion: A Multidimensional Study from Rural Andhra Pradesh, India. Archives of Current Research International, 25 (10), 204–215.
19. Santhipriya, Y. & Vijayalakshmi, B. (2025). Empowering Rural Women Through Financial Inclusion: The Impact of Self-Help Groups. International Journal of Science, Architecture, Technology and Environment, 2(7), 631-641.
20. Saravanan, V., Baranitharan, D.K., Thenkovan, M., Sivasubramanian, K. (2024). An Analytical Study on the Self-Help Group Through Financial Inclusion Scheme in India. In: Khamis, R., Buallay, A. (eds) AI in Business: Opportunities and Limitations. Studies in Systems, Decision and Control, vol 515. Springer, Cham.
21. Sarawagi, A. & Singh, M.S (2024). Empowering Women: E-Shakti's Impact on Self-Help Groups Digitization and Financial Inclusion in India. Asian Journal of Economics, Business and Accounting, 24(5), 192-205.
22. Somani, M. & Singh, V. V (2025). A Comparative Analysis of Self-Help Groups and Microfinance Institutions in Advancing Women's Financial Inclusion in Maharashtra. International Journal of Research and Technology, 13 (4), 374-390.
23. Sreeja, R. &Jayalakshmi, R. (2026). Digital Financial Inclusion and Self-Help Groups in Malappuram: Opportunities and Challenges. OIDA International Journal of Sustainable Development, 19(2), 83-108.
24. Srivastava, S., Sharma, J. & Gupta, S. K. (2024). An Analysis of the Impact of Self-Help Group Bank Linkage Program on Sustainable Development. International Journal of Experimental Research and Review, 44, 136-148.
25. Sumithaa, M. P. (2023). Empowering Communities: Evaluating The Transformative Impact of Training Programs on the Economic Empowerment Of Self-Help Group (SHG) Members. Journal of Namibian Studies: History Politics Culture, 35, 251-269.
26. Tripathi, S., Mishra, B. P., Gupta, B. K., Verma, A. P., Singh, J. K., Patel, D., Supriya, Pandey, A. & Kumar, P. (2025). Economic and Social Transformation: Self-Help Groups as Catalysts for Women's Empowerment in Rural India. Journal of Scientific Research and Reports, 31 (12), 1-14.
27. Yadav, J., Kaur, R. & Mishra, S. (2024). Contribution of self-help groups in addressing several development issues in India: a systematic review of literature., International Journal of Management Practice, 17 (1), 67-94.

Websites:

1. https://www.data.gov.in/resource/state-wise-details-bank-loans-women-self-help-groupsshgs-under-deendyal-antyodaya-yojana
2. https://www.data.gov.in/resource/stateut-wise-number-shgs-disbursed-loans-under-shg-bank-linkage