



Self-Help Groups (SHGs) in Basti, Uttar Pradesh: Composition, activities and impact

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Abstract

This paper analyzes the composition, activity, and socio-economic contribution of Self-Help Groups (SHGs) in the Basti district of Uttar Pradesh, under the DAY-NRLM. The study employs a descriptive and analytical research design as it combines both primary (gathered by the studies of 120 SHG women members using structured questionnaires and interviews) and secondary data (government reports and published studies). The analysis is based on such important dimensions as socio-demographic structure, institutional support system, economic performance, social empowerment, and limitations of SHG members.

The results show that SHGs in Basti are mostly made up of women belonging to economically disadvantaged and socially disadvantaged groups, especially Scheduled Castes and Other Backward Classes. The participation of SHGs has resulted in tremendous changes in the income level, savings behavior, access to institutional credit, and diversification of livelihoods. Also, SHGs have led to increased self-confidence, decision-making, financial literacy, and community participation among women, hence social empowerment and grassroots democracy.

Nevertheless, gender discrimination, low literacy levels, poor health and sanitation, and limited access to resources are also reported to be critical challenges to the full potential of SHGs, according to the study. Regardless of these limitations, SHGs become powerful tools of rural inclusive development and empowerment of women. The results of the study conclude that although SHGs have begun to initiate significant socio-economic change, policy interventions and structural adjustments are needed to achieve sustainable and equitable development results.

Keywords: Self-Help Groups (SHGs), Women empowerment, Socio-economic development, Financial inclusion, Rural development

Introduction

Self-Help Groups (SHGs) have become a significant instrument to rural development, poverty eradication and women empowerment in India. In the Basti district of Uttar Pradesh, SHGs (largely organized within the framework of NRLM) are groups of 10-20 women with similar socio-economic statuses who save, access credit, and generate income (Chaudhary *et al.* 2024) [1, 6, 7, 8, 19, 20, 21, 25]. Such groups do not only enhance financial capabilities but also social awareness, leadership, and decision-making. Members engage in agriculture, dairy, handicrafts, small businesses, and microcredit utilization is mainly productive, resulting in sustainable income growth (Shekhar 2024) [15, 23]. Research shows a rise in income, education, financial literacy, and social participation among members (Chaudhary, Sachan, and Singh 2024 [1, 6, 7, 8, 19, 20, 21, 25]; Kumari 2022) [12, 22]. On the whole, SHGs have empowered women, given them more confidence, and ability to make decisions and contribute to community development, becoming important agents of socio-economic change in Basti (Chaudhary and Shukla 2024) [1, 6, 7, 8, 19, 20, 21, 25].

a) Concept and structure of self-help groups

Self-Help Groups (SHGs): They are small-time unofficial groups of people (mainly women) organized in a way to help people save, obtain credit, and empower themselves as a community. These groups are usually 10-20 members of similar socio-economic origins. According to Chaudhary *et al.* (2024), SHGs are grassroots networks of programs like the National Rural Livelihood Mission (NRLM), which encourage financial inclusion and social participation. On the same note, Dutta (2025) [9] emphasizes that SHGs also mitigate both the caste and gender inequality by empowering marginalized women, especially those in Scheduled Castes, to take financial services and engage in local government.

b) Composition and socio-demographic profile of SHG members

The composition of SHGs in Uttar Pradesh, including Basti district, largely includes rural women belonging to economically weaker sections. Studies indicate that factors such as age, education, caste, and income significantly influence participation and outcomes in SHGs. Chaudhary, Sachan, and Singh (2024) observed that women with lower

educational backgrounds still benefited from SHGs through improved awareness and social mobility. Dutta (2025) further notes that SHGs often operate within socially stratified rural settings, where caste-based settlements (bastis) influence group dynamics and participation patterns.

c) Activities undertaken by SHGs

SHG members engage in a variety of economic and livelihood activities. These include Patel (2025) [13] highlights the importance of SHGs in improving the involvement of women in farming activities, which helps them earn a source of income in the house. Kumari (2022) [12, 22] discovered that the entrepreneurial activities that SHG members were engaged in had a significant positive impact on their skills, such as financial management and the ability to use basic literacy. Furthermore, Yadav *et al.* (2021) [17] address the role of SHGs in traditional crafts and local industries, including handicrafts through projects like One District One Product (ODOP), hence empowering the rural economy.

d) Economic impact of SHGs

Aders. Several A number of studies indicate the beneficial economic effect of SHGs on the livelihoods of members. As shown by Shekhar (2024) [15, 23] SHGs are money lenders, moneylenders, which can lead to lower interest rates and more stable financial planning nonborrowers. in such Basti, ICTs as Basti use loans to carry out income-generating activities, which result in higher earnings and financial well-being. Tripathi (2020) [16] also adds that SHGs have a positive impact on better repayment and financial discipline among rural households. Moreover, microcredit enhances economic resilience because it diminishes reliance on informal moneylenders.

e) Social empowerment and gender development

SHGs are important in enabling women to be empowered both socially and psychologically. According to Chaudhary and Shukla (2024) [1, 6, 7, 8, 19, 20, 21, 25], women who are related to SHGs have increased self-confidence, decision-making capacity, and social recognition. Chadha and Wadhwa (2018) [5] discovered that the awareness of women and their community is enhanced significantly through the involvement in SHGs and adult literacy programs. Additionally, SHGs promote the formation of community institutions like Gram Sabhas, thus enhancing grassroots democracy.

f) Challenges and constraints in SHG functioning

Despite their benefits, SHGs face several challenges. Chaudhary *et al.* (2024) [1, 6, 7, 8, 19, 20, 21, 25] identify issues Lack of support, lack of proper training, limited market access, and insufficient financial constraints and support, support among constraints, constraints are some of the limiting factors. According to Dutta (2025) [9], a lack of mobility the caste discrimination problem of women are also social obstacles that can make effective participation hard. Moreover, according to Rao and Rao (2019) [14], the sustainability of SHG-based enterprises is also a problem as there is a lack of institutional backup and market connections.

g) SHGs and rural development

These results suggest that SHGs play a broader role in promoting comprehensive rural development beyond economic functions. SHGs have become an important tool of integrated rural development. As Kumar and Mishra (n.d.) point out, they are involved in the implementation of rural development schemes as well as advocating collective action. Jalalipour *et al.* (2024) [10] also indicate that SHGs are able to help in environmental management activities, including waste management, with proper training, which can enhance community resilience and sustainability in rural areas. These results imply that SHGs are not limited to economic roles to promote comprehensive rural development.

It is evident in the reviewed literature that SHGs in Basti and other areas of Uttar Pradesh play an important role in economic growth, social empowerment, and rural transformation. As they improve income, constraints remain, which can hinder the full realization of their potential impact on economic growth and social empowerment. Additionally, the confidence levels of women, institutional constraints, and socio-cultural impediments continue to persist. In general, SHGs are effective instruments of inclusive development and empowering grassroots.

Research gap

Despite extensive research on SHGs, gaps remain in micro-level and district-specific analysis, particularly in Basti district. Existing studies largely focus on state or national levels, ignoring local socio-economic realities affecting SHG performance. Limited work integrates institutional support, socio-cultural barriers, and economic outcomes together. Qualitative aspects such as decision-making autonomy, behavioural change, and long-term empowerment sustainability are also underexplored. Moreover, intersectional issues of SCs and OBCs receive inadequate attention. Evidence on grassroots implementation of DAY-NRLM, including digital financial inclusion, credit access, and entrepreneurship, remains insufficient. This study addresses these gaps through a comprehensive district-level analysis.

1. Research design

Provide basic activities and basic affairs, basic In the current research, the research design is descriptive and analytical in that it will investigate activities and affairs of the Basti and the impact of self-help on the affairs of the Basti in the Basti district, Uttar Pradesh. The design combines both the quantitative and qualitative methods to Basti's affairs, give a broad overview of the socio-economic outcomes of SHG members. The research is both cross-sectional and concentrates on the present state of Basti, affairs but it also explains the trends in terms of secondary data (Shekhar and Rai 2025) [3, 27].

2. Study area

The research is carried out in the district of Basti, Uttar Pradesh that has 14 development blocks and a population of about 2.46 million. The area falls under the DAY-NRLM (Aajeevika) programme as an intensive implementation unit, and there is a large number of women-led SHGs in the district (Press Information Bureau 2025) [2, 26].

3. Data sources

The study is based on both primary and secondary data:

- **Primary data:** Data will be obtained by using structured questionnaires and interviewing the members of the SHG of women.
- **Second, secondary data:** Obtained by government reports, scholarly articles, and official documents like DAY-NRLM MIS reports, research articles, and policy documents (DAY-NRLM 2025; Chaudhary *et al.* 2025).

4. Sampling design

A multi-stage sampling technique is used:

- Stage 1: Selecting the district of Basti.
- Stage 2: Sample 45 blocks in the district are randomly chosen.
- Stage 3: SHG (Self-Help Group) selection in every block.
- Stage 4: Respondent selection (SHG members of women).
- The research chooses 120 SHG female respondents in accordance with the research in the area (Chaudhary *et al.* 2025).

5. Data collection tools

- **Structured Questionnaire:** To obtain the quantitative data regarding income, savings, credit use and livelihood activities.
- **Interview Schedule:** To obtain perceptions, challenges, and empowerment results.
- **Observation Method** To assess group functioning and involvement.
- **Secondary Data Analysis:** To examine the trends and SHG composition on the state level.

6. Variables of the study

Category	Variables
Independent Variables	Age, education, caste, income level, SHG membership duration
Dependent Variables	Income level, savings behaviour, access to credit, empowerment level
Intervening Variables	Government support, training, market access

7. Data analysis techniques

- **Descriptive Statistics:** Mean, percentage, and frequency distribution to analyse socio-economic characteristics.
- **Comparison Analysis:** SHG members vs. non-members (comparison of secondary studies).
- **Garrett Ranking Technique:** It is used to rank constraints that women of SHG encounter.
- **They include:** Correlation Analysis: To examine the correlation between SHG participation and the economic results.

8. SHG composition analysis (secondary data)

Table 1: SHGs in Uttar Pradesh by Social Category (FY 2025)

Category	Number of SHGs
Scheduled Caste (SC)	264,216
Scheduled Tribe (ST)	7,014
Minority Community	43,216
Others (OBC/General)	503,127
Total	817,573

Source: DAY-NRLM MIS Data (2025)

9. Constraints analysis using Garrett ranking

Table 2: Major constraints faced by SHG women in Basti

Constraint	Garrett score	Rank
Gender discrimination	72.25	I
Lack of education	71.14	II
Poor health and sanitation	55.69	III
Limited access to resources	50.20	IV

Source: Chaudhary *et al.* (2025)

10. Ethical considerations

- All respondents gave informed consent.
- Confidentiality of the respondent information was ensured.
- Data was utilized in an academic manner.

11. Limitations of the study

- The research study is restricted to a group of chosen blocks of Basti district.
- The size of the sample was constrained by time and resource requirements.
- There is a possibility of a bias in the responses due to the reliance on self-reported data.
- There is no official SHG data on block level that would allow analysis on a granular level.

12. Conclusion of methodology

This methodological framework ensures a systematic and reliable analysis of SHGs in Basti district. By combining field data with secondary sources, the study captures both micro-level realities and macro-level trends, enabling a holistic understanding of SHG composition, functioning, and impact.

Results and Discussion

Self-Help Groups (SHGs) in Basti, Uttar Pradesh: composition, activities, and impact

a) Composition of SHGs in Uttar Pradesh

The high level of participation of the socially and economically disadvantaged populations, particularly women of Scheduled Castes and Other Backward Castes, in the program. indicates the high level of participation of the United Hastings of SHGs in Uttar Pradesh. According to DAY-NRLM, 817,573 SHGs will be registered by FY 2025, which means considerable coverage castes, in the program.

Table 1: Distribution of SHGs by Social Category (Uttar Pradesh, FY 2025)

Category	Number of SHGs	Percentage (%)
Scheduled Caste (SC)	264,216	32.32
Scheduled Tribe (ST)	7,014	0.86
Minority Community	43,216	5.29
Others (OBC/General)	503,127	61.53
Total	817,573	100.00

Source: DAY-NRLM MIS Data (2025)

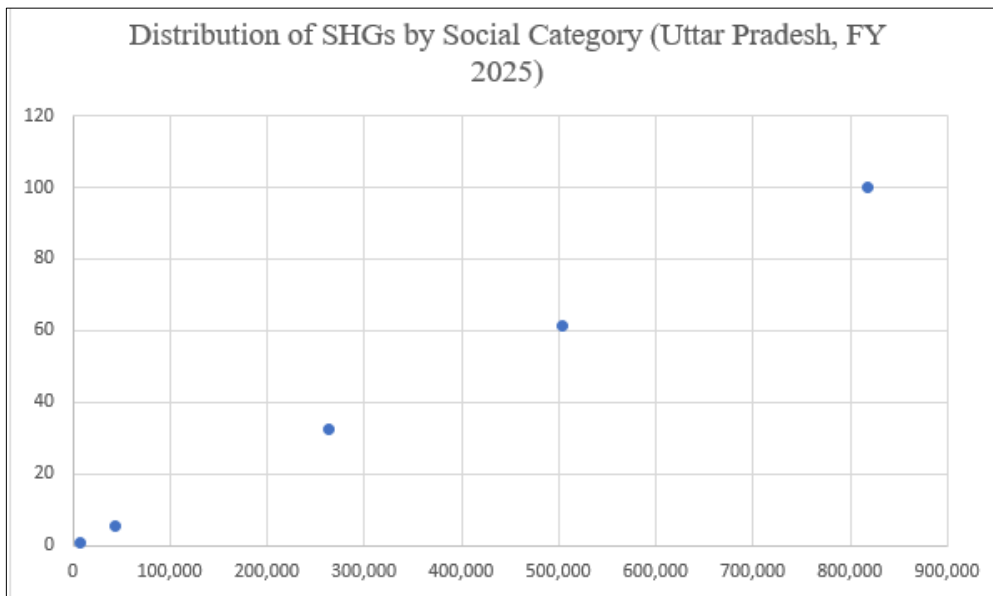


Fig 1: Distribution of SHGs by social category (Uttar Pradesh, FY 2025)

Interpretation

The decentralized nature of SHGs in Uttar Pradesh through DAY-NRLM is an inclusive and participatory approach. Among 817,573 SHGs, 32.32 percent (264, 216) are Scheduled Castes, which means that there is great grass-root participation and empowerment of the marginalized women. Conversely, Scheduled Tribes are only 0.86% (7,014) which may be because of demographic and access limitations. Minority participation is 5.29% (43,216) indicating moderate

participation but could be improved. OBCs and others, which are the majority (61.53% and 503,127), are widely adopted. In general, SHGs serve as financial inclusion and social equity instruments, but specific outreach to underrepresented groups is necessary.2. Institutional Support and Financial Mechanisms SHGs in Basti operate within a strong institutional framework supported by government and financial institutions. Financial inclusion is facilitated through revolving funds, bank linkage programmes, and interest subvention schemes.

Table 2: Key Financial and Institutional Support Mechanisms under DAY-NRLM

Component	Details
Revolving Fund	₹10,000–15,000 per SHG (one-time grant)
Loan Provision	Multiple graded loans through banks
Interest Subvention	Loan interest reduced to 7% (up to ₹3,00,000)
Prompt Repayment Incentive	Additional 3% interest rebate
Eligibility	Women SHGs with >70% rural poor members
Support Schemes	Lakhpati Didi, Bank Sakhi, Skill India, RSETI

Source: DAY-NRLM (2025); Press Information Bureau (2025)

Interpretation

DAY-NRLM institutional and financial assistance is vital in empowering SHGs in Basti district. The revolving fund (₹10,000-15,000) is provided to facilitate internal lending and small enterprises, and bank linkage and graded loans facilitate access to credit. Subvention of interest (7 percent on amounts up to 3,00,000) and rebate of 3 percent on punctual repayments encourages financial discipline. Lakhpati Didi, Bank Sakhi, Skill India and RSETI are additional programs that develop

skills and livelihoods. SHGs enhance income generation, savings and diversification of livelihoods by practicing activities such as agriculture, dairy and small businesses which result in financial sustainability, better livelihood and decision making among women.3. Economic Impact of SHGs SHG membership has shown a positive impact on income, savings, and livelihood diversification among women in Basti district.

Table 3: Economic outcomes of SHG membership in Basti

Indicator	SHG members	Non-members	Impact
Income Level	Higher	Lower	Positive increase
Savings behaviour	Regular and higher	Irregular	Improved
Access to credit	Easy and institutional	Limited	Significant improvement
Asset creation	Increased	Minimal	Moderate growth
Livelihood diversification	High	Low	Expanded opportunities

Source: Shekhar and Rai (2025) [3, 27]

Interpretation

The institutional and financial assistance of DAY-NRLM has a great capacity to empower SHGs in Basti district. The Revolving Fund (10,000-15,000) allows internal lending and small businesses and makes groups more cohesive and involved. Bank linkage programmes are offered with graded loans and interest subversion (7 to 300,000) and a rebate of 3 percent on repayment within the stipulated time enhances cheap credit and financial discipline. Initiatives like Lakhpati Didi, Bank Sakhi, Skill India, and RSETI further enhance skills and livelihoods.

On the economic front, SHGs enhance income, savings and livelihood diversification (agriculture, dairy, handicrafts), hence, financial stability, enhanced living standards and power of decision making among women.

4. Social Empowerment Outcomes

SHGs contribute significantly to social empowerment by enhancing confidence, decision-making ability, and community participation among women.

Table 4: Social impact of SHGs on women in Basti

Parameter	Observed impact
Self-confidence	Increased
Decision-making power	Improved in household and community
Social participation	Active involvement in Gram Sabha and SHGs
Financial literacy	Enhanced
Collective bargaining	Strengthened

Source: Shekhar and Rai (2025) [3, 27]; Press information bureau (2025) [2, 26]

Interpretation

As shown in Table 4, SHGs with the assistance of DAY-NRLM have a great role in fostering social empowerment among women in the Basti district. The involvement in SHGs boosts self-confidence, which helps women to surpass social obstacles and actively participate in decision-making at home and in the community.

There has been more civic participation and leadership among women, as they have become members of forums such as Gram Sabha. SHGs also enhance financial literacy which provides women with knowledge on how to save, credit, and banking systems. Also, group power boosts bargaining power with institutions and markets. All in all, SHGs are effective agents of social change as they transform women to active decision-makers at family and society levels.5. Constraints Faced by SHG Women Despite positive outcomes, SHG members in Basti face multiple socio-economic challenges that limit their full potential.

Table 5: Major constraints faced by SHG women (garrett ranking)

Constraint	Garrett score	Rank
Gender discrimination	72.25	I
Lack of education	71.14	II
Poor health and sanitation	55.69	III
Limited access to resources	50.20	IV

Source: Chaudhary et al. (2025)

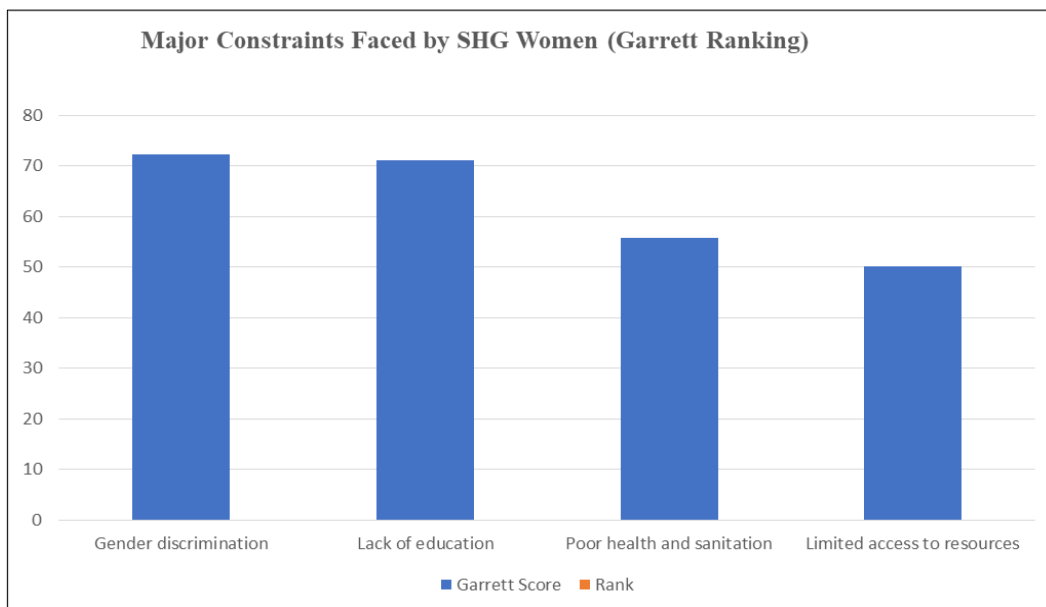


Fig 2: Major constraints faced by SHG women (garrett ranking)

Interpretation

As Table 5 analysis revealed, SHG women in Basti district have limited socio-economic opportunities, even with the assistance of DAY-NRLM. Gender discrimination is the highest (72.25) meaning that there are still inequalities in mobility, decision making, and social norms that restrict empowerment. The uneducated status (71.14) also limits the women in their access to schemes, financial management and engaging in new opportunities.

Unhealthy and unsanitary conditions (55.69) decrease participation and productivity, and lack of access to resources (50.20) (land, credit, markets) prevent economic development. Altogether, the results show that structural obstacles such as gender inequality and low education still influence SHG performance, and specific policy interventions are needed to have sustainable and inclusive development.

Overall findings

The general findings are clear evidence that Self-Help Groups (SHGs) in the Basti district and especially the DAY-NRLM have brought a transformative change in the socio-economic status of the rural women. The involvement in SHGs has contributed to a significant rise in the level of income via diversification of livelihoods, increased savings behavior because of frequent financial practices, and better access to institutional credit systems. Besides economic benefits, SHGs have played a great role in social empowerment as they have enhanced the self-confidence of women, enhanced their decision-making ability, and enhanced their involvement in community and governance activities. The combination of these results implies that SHGs are effective grassroots development and women empowerment institutions.

But, alongside all these positive effects, the study also points to the fact that structural and systemic issues still persist. Gender discrimination, lack of education, poor health and sanitation, and poor access to resources are some of the issues that still limit the levels of benefits accrued to SHGs. Not only do these barriers impact the individual's progress but also influence the overall efficiency and sustainability of SHG projects. Thus, as much as SHGs have developed a solid base on empowerment, their potentials can only be realized with the help of interventions that would mitigate these underlying limitations.

Conclusion

To sum up, SHGs in the Basti district have become the effective tools of socio-economic change that allow rural women to become more financially independent, socially acknowledged, and strong. A combination of financial assistance, institutional support, and capacity-building programs has greatly enhanced the quality of life among SHG members. However, the continued existence of socio-cultural and infrastructural obstacles necessitates a more progressive and holistic policy. To maximize the long-term effects of SHGs, it is necessary to strengthen education, enhance gender equality, develop rural infrastructure, and improve resource accessibility. Therefore, even though the SHGs have effectively initiated the process of

empowerment, it needs to be sustained to provide all women in rural regions such as Basti with equitable and holistic development.

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