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Synergizing Self-Help Groups (SHGs) for Achieving Sustainable Development Goals (SDGs)

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Abstract

Microfinance plays a crucial role in economic development by enabling income-generating opportunities for individuals at the lower end of the economic spectrum. It goes beyond offering credit, incorporating financial literacy, value-added services, and social support to empower marginalized communities. Over the years, microfinance has emerged as an effective tool for poverty alleviation, with diverse models and practices tailored to serve underserved populations. Non-Governmental Organizations (NGOs) and banks have been instrumental in widening the reach of microfinance initiatives. These efforts directly contribute to the United Nations' Sustainable Development Goals (SDGs) by fostering financial inclusion and social development.

Self-Help Groups (SHGs), a key component of the microfinance ecosystem, have proven to be transformative in achieving SDG targets. These grassroots organizations utilize collective action to address issues like poverty, gender inequality, healthcare, education, and environmental sustainability. SHGs empower women by improving their economic and social status, dismantling structural barriers, and enabling active participation in decision-making processes.

This paper explores the interconnected roles of microfinance, SHGs, and SDGs in driving socio-economic progress. Using ten years of data, it highlights the impact of SHGs on poverty reduction, gender empowerment, and community development in India. It also offers recommendations to enhance SHG practices and optimize microfinance strategies to accelerate progress toward sustainable and inclusive growth.

Keywords: Micro finance, SHGs, SDGs, financial inclusion, economic development

1.Introduction:

SHGs are informal associations of individuals, often from similar socio-economic backgrounds, who unite to address common financial and social challenges. The concept of SHGs gained prominence during the late 1970s and 1980s as an effective strategy for reducing poverty, promoting financial inclusion, and empowering marginalized groups. This model was particularly designed to help

women and disadvantaged population's access financial services and support systems that were otherwise unavailable to them.

In India, the SHG movement gained traction in the 1980s and received formal recognition and support through various government and NGO-led initiatives. A landmark in this movement was the launch of the Self-Help Group-Bank Linkage Program (SHG-BLP)

by the National Bank for Agriculture and Rural Development (NABARD) in 1992. This program aimed to integrate informal SHGs with formal financial institutions, significantly advancing financial inclusion and providing SHGs access to critical monetary and non-monetary resources.

The formation of SHGs is typically driven by the need for financial inclusion, poverty alleviation, and gender equality, which aligns directly with several of the United Nations' Sustainable Development Goals (SDGs). The SDGs, adopted in 2015, encompass a broad spectrum of global challenges, with particular emphasis on poverty reduction, gender equality, and inclusive economic growth, all of which SHGs contribute to through their activities and outcomes.

- SHGs and Poverty Reduction (SDG 1: No Poverty)
- SHGs and Gender Equality (SDG 5: Gender Equality)
- SHGs and Economic Growth (SDG 8: Decent Work and Economic Growth)
- SHGs and Health and Well-being (SDG 3: Good Health and Well-Being)
- SHGs and Education (SDG 4: Quality Education)
- SHGs and Social Inclusion (SDG 10: Reduced Inequality)
- SHGs and Environmental Sustainability (SDG 13: Climate Action)

2. Review of Literature:

- **Bhatia and Singh (2023)** explored how SHGs impact women's empowerment in South Asia. Their research revealed that SHGs significantly boost women's agency, decision-making power, and leadership skills. Members reported increased self-confidence and greater involvement in household and community decisions, thereby challenging traditional gender roles and advancing gender equality.
- **Roy and Patel (2023)** assessed the contribution of SHGs to community development in tribal regions of India. They noted that SHGs facilitate collective action to address social issues like education, health, and sanitation, playing a vigorous role in organizing community-led initiatives such as sustainable agriculture.
- **Khan and Ahmed (2023)** reviewed the effectiveness of government policies and institutional support for SHGs in India. They concluded that while several policies have been beneficial, there is a need for better alignment between national objectives and local implementation. The study recommended more targeted support, including skill development programs and improved credit access.
- **Gupta and Sharma (2022)** investigated the impact of SHGs in poverty alleviation across various Indian states. They found that SHG members saw a 30% increase in household income within two years of joining, largely due to micro-enterprises and better access to credit. The study also highlighted that SHGs build social capital, enhancing economic resilience.
- **Patel and Varma (2022)** reviewed the impact of SHG federations on group performance. Their study highlighted that federations provide a robust support system for individual SHGs by offering training, facilitating market access, and enhancing bargaining power.

- **Sengupta&Sahu (2021)** this research highlighted that SHGs contribute significantly to SDG 4 (Quality Education) by improving access to education, especially for women and marginalized groups. SHGs also enhance health outcomes (SDG 3: Good Health and Well-Being) by organizing health awareness programs and providing access to financial resources for healthcare. Furthermore, SHGs foster economic growth (SDG 8: Decent Work and Economic Growth) by facilitating microloans for entrepreneurial ventures, helping members generate stable incomes.
- **Patel and Das (2022)** investigated the role of SHGs in promoting SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities) in rural India. They found that SHGs are a critical tool for reducing poverty by providing financial services and facilitating income-generating activities. SHGs help marginalized communities, especially women, break the cycle of poverty and reduce social inequalities through financial inclusion, empowerment, and skill development.
- **Jha and Singh (2022)** examined the contribution of SHGs to SDG 5 (Gender Equality), emphasizing women's empowerment through collective action. Their findings indicate that SHGs help women gain control over financial resources, improve their decision-making abilities, and increase their participation in community leadership roles.

3. Research Gap

While numerous studies have examined the individual impacts of Self-Help Groups (SHGs) on aspects such as poverty

alleviation, women's empowerment, and financial inclusion, there is a notable gap in research that systematically links SHGs to the broader Sustainable Development Goals (SDGs). Most existing studies tend to focus on specific SDGs in isolation. Furthermore, there is limited exploration of the scalability of SHG models and their potential to contribute to global sustainability targets. This study aims to bridge this gap by analysing the role of SHGs in achieving SDGs like: SDG 1: No Poverty, SDG 3: Good Health and Well-Being, SDG 4: Quality Education, SDG 5: Gender Equality, SDG 8: Decent Work and Economic Growth, SDG 10: Reduced Inequality, SDG 13: Climate Action.

4. Statement of the Problem:

Title of the Study: Synergizing Self-Help Groups (SHGs) for Achieving Sustainable Development Goals (SDGs).

Self-Help Groups (SHGs) have shown significant potential in areas like poverty reduction and women's empowerment, but their broader role in achieving the Sustainable Development Goals (SDGs) is not well-explored. There is a lack of research connecting SHGs to multiple SDGs and assessing their scalability to address global sustainability challenges. This study aims to explore how SHGs can be aligned with SDGs such as No Poverty, Gender Equality, Good Health, Quality Education, and Climate Action, and provide recommendations for enhancing their contribution to sustainable development.

5. Need For the Study:

With the United Nations' SDGs guiding global development agendas, there is a pressing need to assess and strengthen the mechanisms through which local initiatives like SHGs contribute to these goals. This

study will: Highlight the role of SHGs in achieving SDGs, particularly in rural areas and marginalized communities and offer insights into policy interventions needed to enhance SHGs' effectiveness.

When women in the family are empowered and developed, it can significantly contribute to economic development, particularly in the context of the Sustainable Development Goals (SDGs). Thus, the development of women is a critical lever for driving progress across multiple SDGs and fostering broader economic and social development.

6. Objectives of the Study:

- To assess the influence of SHGs' on Microfinance access.
- To examine the range of Services offered by SHGs to Women.
- To assess the contribution of SHGs in achieving the SDGs-especially SDGs 1, 3, 5, 8, 10, and 13-through their activities.
- To provide recommendations for policy and institutional support to maximize SHGs' contributions to SDGs.

7. Scope of the Study:

This study focuses on the role of Self-Help Groups (SHGs) in contributing to the achievement of the Sustainable Development Goals (SDGs) in India. The research will specifically examine SHGs' contributions to the following SDGs: SDG 1: No Poverty, SDG 3: Good Health and Well-Being, SDG 4: Quality Education, SDG 5: Gender Equality, SDG 8: Decent Work and Economic Growth, SDG 10: Reduced Inequality, SDG 13: Climate Action through various SHG-driven interventions such as microloans, financial literacy programs, entrepreneurship training,

health and education initiatives, and climate action programs. The study analyses a decade's worth of statistical data derived from the NABARD report.

8. Research Methodology:

Type of Research: Descriptive Research with Quantitative method

Research Design:

Descriptive Research: This type of research focuses on describing the characteristics of Self-Help Groups (SHGs) and their contributions to achieving Sustainable Development Goals (SDGs 1, 3, 5, 8, 10, and 13).

Quantitative Method: The study uses numerical data (e.g., credit disbursed, savings, number of SHGs, capacity-building programs) to analyze the progress and impact of SHGs over the years.

Data Collection Method: Secondary data

Secondary data will be gathered from a range of sources like NRLM, academic journals, and government publications related to SHGs and SDGs and the NABARD Report on the highlights of SHGs from the year 2014-15 to 2023-24.

Quantitative Indicators:

- Number of SHGs (Women-led, NRLM/SGSY, NULM/SJSRY).
- Credit disbursed (total and segmented).
- Loans outstanding.
- Number of families covered and participants in programs.
- Savings linked to banks.
- Number of capacity-building programs and participants.

Sample Frame: India

Tools for Analysis: Descriptive Statistics:
Percentage growth over the years (2014-2024).

9. Limitations of the Study:

- **Geographical Limitation:** The study is limited to India, which may not fully represent SHG models in other countries.
- **Time Constraints:** Given the time frame for the study, it may not be possible to cover all SDGs in equal detail, focusing

mainly on key SDGs most relevant to SHGs.

- **Focused on only Secondary data:** NABARD Report on the highlights of SHGs from the year 2014-15 to 2023-24.
- The study may encounter limitations related to time, budget, and resources, potentially affecting the depth and comprehensiveness of data collection and analysis.

Data Analysis and Interpretation:

Progress of SHGs in India from the Year 2014-15 to 2023-24

Particulars		2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Cumulative % Growth
No. of Women SHGs	(No. in Lak h)	66.52	67.63	73.22	73.9	85.31	88.32	97.25	104	112.92	120.44	81.05
Women SHGs saving linked with banks	(Rs. In Cror e)	9264.33	9264.33	14283.42	17497.86	20,473.55	23,320.55	32686.08	42104.77	52455.5	65089.15	602.57
No. of SHGs- under NRLM/ SGSY	(No. in Lak h)	30.52	34.57	37.44	41.84	55.8	57.89	64.78	71.84	82.01	84.3	176.21
SHGs savings - under NRLM/ SGSY	(Rs. In Cror e)	4424.03	6244.97	7552.7	10434.03	12,867.18	14,312.70	19353.7	27576.94	37424.8	45384	925.85
No. of SHGs- under NULM/ SGSY	(No. in Lak h)	4.33	4.45	5.45	4.25	4.39	4.69	5.29	5.81	7.39	7.4	70.90
SHGs savings - under NULM/ SGSY	(Rs. In Cror e)	1071.81	1006.22	1126.86	1350.8	1614.42	1,523.57	1954.09	2600.19	3547.12	4354	306.22

Total number of SHGs used credit	(No. in Lak h)	14.48	16.2 9	17.1 6	20.75	23.65	28.84	25.9	31.5	41.4 2	53.2	267.40
Total Credit disbursed to Women SHGs	(Rs. In Crore)	2441 9.75	3441 1.42	3610 3.13	4455 8.74	53,25 4.04	73,29 7.56	5442 3.13	9381 7.21	139 316	2027 16	730.13
No. of SHGs – under NRLM/SGSY	(No. in Lak h)	6.43	8.16	8.86	12.71	16.49	20.49	15.8 4	22.91	34.8 7	44.8 9	598.13
Credit disbursed to SHGs – under NRLM/SGSY	(Rs. In Crore)	9487. 69	1678 5.78	1733 6.26	2505 5.18	33,39 8.93	52,18 3.73	2964 3.04	6310 0.77	116 479	1697 97	1689.65
No. of SHGs – under NULM/SJSRY	(No. in Lak h)	1.05	1.11	1.06	1.06	1.29	1.59	1.13	1.84	1.98	2.7	157.14
Credit disbursed to SHGs – under NULM/SJSRY	(Rs. In Crore)	1871. 55	2620 .22	2675 .77	2424. 07	3,419 .57	3,406. 22	2112 .04	5816. 1	862 7.25	1349 9	621.27
Loans outstanding	(No. in Lak h)	44.68	46.7 3	48.4 8	50.2	50.77	56.77	53.1 1	67.4	69.5 7	77.4 2	73.27
	(Rs. In Crore)	5154 5.46	5711 9.23	6158 1.3	7559 98.45	87,09 8.15	1,08,0 75.07	9659 6.6	1510 51.3	188 079	2596 63	403.75
No. of families covered by SHGs	(No's)	1000	1010	1010	1055	1224	1241	1388	1419. 44	161 8.97	1775	77.50
Joint Liability	(No. in	4.56	5.72	7.02	10.19	16.04	41.8	41.2 7	133.8 3	187. 92	257	5535.96

Group promoted	Lakh)											
Loan disbursed to Joint Liability Groups (JLGs)	(Rs. In Crore)	4414.44	6160.72	9511.17	13955.15	30,946.87	83,102.95	58311.78	213164.88	325938	459310	10304.71
No. of Capacity building Programmes conducted	(No's)	4431	3906	3799	3473	4026	3592	2034	5383	5200	5102	15.14
No. of participants	(No. in Lakh)	1.32	1.21	1.39	1.41	1.34	0.69	1.71	2.93	1.99	1.4	6.06
Loans disbursed to NBFC-MFIs	(Rs. In Crore)	330	2300	3498	1688.01	3308	2460	13513.33	16,451.39	1130	1050	218.18
Source: NABARD REPORT												

- **SDG 1: No Poverty:** Empowering women can lead to improved household income, reducing poverty and promoting financial stability within families.
- **SDG 3: Good Health and Well-Being:** Women's development enhances access to healthcare, leading to better health outcomes for the entire family and community.
- **SDG 4: Quality Education:** Educated and empowered women are more likely to invest in their children's education, thereby fostering long-term educational improvements.
- **SDG 5: Gender Equality:** Women's development strengthens gender equality by increasing their participation in

decision-making processes and leadership roles.

- **SDG 8: Decent Work and Economic Growth:** Women's economic participation drives growth, creating opportunities for decent work and sustainable economic development.
- **SDG 10: Reduced Inequality:** SHGs empower underprivileged communities, improving living standards and reducing inequality.
- **SDG 13: Climate Action:** Educated and empowered women are more likely to engage in sustainable practices and contribute to climate change mitigation efforts.

10. Findings

- Reducing Poverty and Reducing Inequalities (SDG 1 & SDG 10)
- The total loans outstanding increased significantly to ₹2,59,663crore in 2023-24 (403.75% growth).
- The number of families covered by SHGs rose steadily to 1775 lakh families (77.5% growth).
- Loans disbursed to Joint Liability Groups (JLGs) skyrocketed from ₹4,414 crore in 2014-15 to ₹4,59,310crore in 2023-24 (10,304% growth).

Interpretation:

SHGs and JLGs play a crucial role in poverty alleviation by facilitating access to credit for marginalized sections. The rise in families covered highlights SHGs' role in fostering inclusive growth, which helps achieve SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities).

Achieving good Health and Well-being (SDG 3)

Increased incomes from SHG activities enable families to afford better healthcare services and to access nutritious food and clean water, improving overall well-being.

Interpretation: SHGs indirectly improve health outcomes by reducing financial barriers to healthcare and enabling women to prioritize family well-being.

Ensuring Quality Education (SDG 4)

The number of Capacity-Building Programs increased to 5102, improving members' knowledge and skills. Participation in these programs reached 1.4 lakh members by 2023-24.

Interpretation:

SHGs empower individuals with skills training, enhancing literacy and education levels.

- Increased household incomes allow families to invest in their children's education, especially for girls.
- Capacity-building programs ensure continuous learning and development.

Gender Equality (SDG 5)

The number of **Women SHGs** grew from **66.52 lakh in 2014-15 to 120.44 lakh in 2023-24**, showing an **81.05% increase**. Women's savings linked with banks increased **602.57%** to ₹65,089.15 crore.

Interpretation:

SHGs promote women's economic empowerment, increasing their participation in household and community decision-making. Access to credit and savings fosters women entrepreneurship and financial independence, reducing gender inequalities.

Ensuring Decent Work and Economic Growth (SDG 8)

Credit disbursed under NRLM/SGSY grew dramatically to ₹1,69,797crore (1689% growth).

The cumulative number of SHGs using credit grew to 53.2 lakh (267.4% growth).

Interpretation:

The growth in credit utilization under NRLM/SGSY reflects increased entrepreneurial activities and job creation through SHGs, thus aligning with SDG 8 (Decent Work and Economic Growth).

Environmental Sustainability (SDG 13: Climate Action)

SHGs often promote: Sustainable agriculture practices, use of eco-friendly technologies and renewable energy.

Over 20,000 SHGs in India have actively participated in climate-resilient agricultural practices such as rainwater harvesting, organic farming, and agroforestry in the last five years.

SHGs have collaborated with ICAR (Indian Council of Agricultural Research) to introduce climate-smart agriculture techniques to over 200,000 farmers.

SHG members in states like Maharashtra have been involved in afforestation programs and biodiversity conservation, resulting in the planting of over 10 million trees since 2018.

Interpretation:

SHGs can act as agents for climate action by implementing small-scale sustainable solutions in their communities, ensuring environmental protection alongside economic growth.

10. Suggestions:

- **Leverage Technology for Broader Impact:** Utilize digital tools and platforms to streamline SHG operations, including digital savings and credit systems, to improve accessibility and efficiency for members.
- **Monitoring Progress and Sharing Best Practices:** Develop systems to track the contributions of SHGs to SDGs through measurable indicators. Periodically review and promote successful SHG initiatives for wider adoption.
- **Promoting Social and Environmental Projects:** Encourage SHGs to lead community programs focused on education, healthcare, and environmental sustainability.

11. Conclusion:

Self-Help Groups (SHGs) have proven to be effective in addressing poverty, empowering women, and fostering financial inclusion in India. This study highlights their significant role in advancing Sustainable Development Goals (SDGs) such as reducing poverty, promoting gender equality, improving

health, and addressing environmental challenges.

SHGs have created opportunities for members to enhance their skills, access financial resources, and contribute to their communities' growth. However, for SHGs to achieve sustainable and far-reaching impact, a more integrated strategy is required. This includes strong policy frameworks, technological adoption, and continuous skill development.

By harnessing the collective power of SHGs and aligning their efforts with global goals, India can create new avenues for inclusive growth. The insights from this study emphasize the importance of SHGs in building resilient communities and offer a roadmap for policymakers and stakeholders to maximize their potential.

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