International Journal of Education, Modern Management, Applied Science & Social Science (IJEMMASSS)
An International Quarterly bi-lingual Multidisciplinary Double Blind Open Access Peer Reviewed Refereed Journal
ISSN:2581-9925, Impact Factor (Cosmos: 7.555 & I2OR: 5.105), Volume 08, No. 03(IV)(Special Issue), July-September, 2026, pp. 187-194

Women Entrepreneurship through SHGs in Jharkhand: Opportunities, Challenges and Developmental Impact

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DOI Citation: Sen, S. (2026). Women Entrepreneurship through SHGs in Jharkhand: Opportunities, Challenges and Developmental Impact. International Journal of Education, Modern Management, Applied Science &Amp; Social Science, 08(03(IV)), 187–194. https://doi.org/10.62823/ijemmasss/8.3(iv).9635

ABSTRACT

Self-Help Groups (SHGs) have become one of the most visible community-based mechanisms for advancing women's economic participation in rural India. This paper examines how SHGs support women entrepreneurship in Jharkhand, a state marked by rural livelihoods, tribal communities, traditional skills, and uneven access to formal entrepreneurial resources. The study is based on primary responses from 60 women SHG members engaged in activities such as tailoring, handicrafts, food processing, dairy, poultry, retail trade, and other micro-enterprises. A descriptive and analytical research design was adopted, and data were collected through structured questionnaires and personal interactions. Percentage analysis, descriptive interpretation, Likert-scale responses, and chi-square testing were used to understand the socio-economic profile of respondents, perceived empowerment outcomes, and constraints faced by women entrepreneurs. The findings indicate that SHGs contribute positively to income improvement, financial independence, self-confidence, self-employment, and livelihood security. At the same time, the growth of SHG-based enterprises is constrained by inadequate finance, weak market linkages, insufficient training, social barriers, and limited technological capability. The paper argues that SHGs should be strengthened beyond credit delivery and positioned as enterprise-development platforms through training, digital literacy, market integration, product branding, mentoring, and stronger institutional support. The study contributes to the regional literature on women entrepreneurship in Jharkhand by presenting an integrated view of opportunities, constraints, and developmental impact.

***Keywords**: Women Entrepreneurship, Self-Help Groups, SHGs, Jharkhand, Empowerment, Microfinance, Rural Development, Livelihood Generation.*

Introduction

Women entrepreneurship is increasingly recognized as a vital pathway for inclusive economic growth, poverty reduction, and social transformation. In developing economies, women-owned micro and small enterprises contribute not only to household income but also to employment generation, local resource utilization, and community development. Entrepreneurship also strengthens women's decision-making capacity by giving them a more active role in financial and social matters within the household and the community.

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* ***A Special Issue for the papers accepted for publication in the Two-Days Multidisciplinary National Seminar on Role of Entrepreneurship in Socio-Economic Upliftment of Women in India (22-23 May 2026) Organized by Faculty of Commerce, The Graduate School College for Women, Jamshedpur, Jharkhand(A Constituent Unit of Kolhan University, Chaibasa, Jharkhand)in Collaboration with Jharkhand State Higher Education Council, Department of Higher and Technical Education, Govt. of Jharkhand & Punjab and Sind Bank, Sakchi, Jamshedpur.***

In India, Self-Help Groups have emerged as a practical institutional model for mobilizing rural women. A typical SHG brings together women with similar socio-economic backgrounds for regular savings, internal lending, collective decision-making, and access to formal credit. Over time, SHGs have moved beyond thrift and credit functions to become platforms for skill development, livelihood promotion, enterprise formation, social awareness, and local leadership. National programmes such as the SHG-Bank Linkage Programme and the Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM) have helped expand the reach of SHGs and connect rural women with banks, training agencies, government schemes, and markets.

Jharkhand offers a particularly relevant context for studying SHG-led women entrepreneurship. The state has a large rural population, a significant tribal presence, rich natural resources, forest-based livelihoods, and strong traditions in crafts, food processing, lac products, weaving, livestock activities, and small retail services. These socio-economic features create opportunities for women-led micro-enterprises. However, women entrepreneurs in the state often operate within difficult conditions, including low educational attainment, limited financial literacy, weak market access, poor infrastructure, irregular training exposure, and socio-cultural restrictions on mobility and enterprise expansion.

The central concern of this paper is to understand whether SHGs are functioning merely as savings-and-credit groups or whether they are becoming effective vehicles for entrepreneurship and empowerment. The paper examines the opportunities created through SHGs, the constraints faced by women entrepreneurs, and the developmental impact of SHG participation on income, confidence, and financial independence. By focusing on Jharkhand, the study provides region-specific insights that may be useful for policymakers, development institutions, banks, NGOs, and academic researchers working on women's economic empowerment.

Review of Literature

The literature on SHGs, microfinance, and women entrepreneurship broadly suggests that collective savings, access to institutional credit, and peer support can improve women's economic participation. Kabeer (1999) conceptualized empowerment through the interaction of resources, agency, and achievements, indicating that access to material resources is meaningful only when women are able to exercise choice and influence decisions. In the SHG context, this implies that credit access must be accompanied by confidence, mobility, information, and bargaining power.

NABARD'sSHG-Bank Linkage Programme has been widely discussed as a major innovation in financial inclusion. It links informal savings groups with formal banking channels and enables women from low-income households to access credit without relying solely on informal moneylenders. Puhazhendhi and Badatya (2002) found that SHG participation can improve savings behaviour, income, asset ownership, and collective responsibility among rural households. Similar work has emphasized that microfinance can create enterprise opportunities, although credit by itself is not sufficient to ensure sustainable entrepreneurship.

Swain and Wallentin (2009) examined women's empowerment through Indian SHGs and argued that SHG participation can enhance women's ability to manage resources and improve their role in household welfare. Al-Kubati et al. (2023) also highlighted the SHG-Bank Linkage Programme as a major instrument for women's empowerment and sustainable development in India. These studies show that SHGs operate both as economic institutions and as social spaces where women develop confidence, networks, and collective identity.

Research on women entrepreneurship in rural India further indicates that women entrepreneurs face constraints that are both economic and social. Lack of working capital, inadequate business training, poor access to markets, limited digital literacy, and domestic responsibilities often restrict business growth. These constraints are more visible in regions where infrastructure, transport, banking access, and exposure to formal markets remain uneven. Therefore, the sustainability of SHG-based entrepreneurship depends on the availability of training, business mentoring, product development, technology adoption, and institutional convergence.

In Jharkhand, SHGs have supported livelihood activities such as tailoring, handicrafts, lac cultivation, mushroom farming, food processing, poultry, dairy, and small retailing. State-level livelihood initiatives have created new spaces for women's participation in local enterprise activities. Nevertheless, the transition from subsistence-level activity to commercially sustainable enterprise remains a challenge. The reviewed literature therefore suggests that SHGs can support women entrepreneurship, but their

impact depends on the quality of credit, training, market linkage, institutional support, and the socio-cultural environment in which women operate.

Research Gap

Existing studies on SHGs in India have largely emphasized savings, credit linkage, and repayment performance. Comparatively fewer studies examine the entrepreneurial journey of SHG members, especially the extent to which SHGs help women create, sustain, and expand income-generating activities.

A second gap relates to regional specificity. Jharkhand has distinctive social, cultural, tribal, and livelihood conditions. Studies conducted at the national level do not fully explain how rural and semi-urban women in Jharkhand experience entrepreneurship through SHGs.

A third gap lies in the integrated assessment of opportunities, challenges, and developmental outcomes. Many studies focus on empowerment outcomes or constraints separately, whereas this paper examines all three dimensions together. The study therefore contributes to the literature by using field-level data from women SHG members in Jharkhand and by connecting socio-economic profile, entrepreneurial outcomes, perceived empowerment, and business constraints within a single analytical framework.

Objectives of the Study

- To study the socio-economic profile of women entrepreneurs associated with Self-Help Groups in Jharkhand.
- To examine the role of Self-Help Groups in promoting women entrepreneurship and self-employment opportunities in rural areas.
- To identify the entrepreneurial opportunities created through SHGs for women in Jharkhand.
- To analyze the major financial, social, cultural, and institutional challenges faced by women entrepreneurs associated with SHGs.
- To evaluate the developmental impact of SHGs on women empowerment, income generation, and livelihood improvement.
- To assess the level of financial literacy, skill development, and access to institutional support among women SHG members.
- To examine the effectiveness of government schemes and support programmes in strengthening women entrepreneurship through SHGs.
- To suggest suitable measures and policy recommendations for improving the sustainability and growth of women entrepreneurship in Jharkhand through Self-Help Groups.

Hypotheses of the Study

The study was guided by the following hypotheses:

H01: Self-Help Groups do not have a significant impact on women entrepreneurship and socio-economic empowerment in Jharkhand.

H11: Self-Help Groups have a significant positive impact on women entrepreneurship and socio-economic empowerment in Jharkhand.

H02: There is no significant relationship between participation in SHGs and improvement in income generation and livelihood opportunities among women entrepreneurs.

H12: There is a significant relationship between participation in SHGs and improvement in income generation and livelihood opportunities among women entrepreneurs.

H03: Women entrepreneurs associated with SHGs do not face significant challenges in the growth and sustainability of their enterprises.

H13: Women entrepreneurs associated with SHGs face significant financial, social, and institutional challenges in sustaining their enterprises.

Research Methodology

The study is descriptive and analytical in nature. The descriptive component explains the socio-economic characteristics of respondents and the nature of SHG-based enterprise activities. The

analytical component assesses the perceived impact of SHGs on income, financial independence, confidence, and livelihood improvement.

The study was conducted in selected districts of Jharkhand where women's SHGs are actively involved in livelihood and micro-enterprise activities. The respondents represented rural and semi-urban areas and were engaged in activities such as tailoring, handicrafts, food processing, dairy, poultry, retail business, and other small-scale enterprises.

Both primary and secondary data were used. Primary data were collected through structured questionnaires, personal interviews, and direct interaction with SHG members. Secondary data were consulted from books, research papers, government publications, NABARD reports, NRLM-related sources, and other literature on SHGs, women entrepreneurship, and rural development.

A multistage sampling technique was adopted. First, SHG-active districts and blocks were identified. Thereafter, women SHG members engaged in entrepreneurial or livelihood activities were selected for data collection. The total sample size was 60 respondents.

The data were analysed using percentage analysis, descriptive statistics, tabulation, Likert-scale interpretation, and chi-square tests. The chi-square results are interpreted cautiously because the sample size is modest and the study is primarily descriptive. The statistical tests support the observed tendencies but should not be read as conclusive causal proof.

Data Analysis and Interpretation

The empirical analysis is based on responses from 60 women SHG members. The tables below summarize the profile of respondents, perceived outcomes, challenges, and empowerment indicators.

Table 1: Age-wise Distribution of Respondents

Age Group	Frequency	Percentage
Below 25 years	8	13.3%
25-35 years	24	40.0%
36-45 years	20	33.3%
Above 45 years	8	13.3%
Total	60	100.0%

The highest share of respondents belongs to the 25-35 years age group, followed by the 36-45 years group. This indicates that young and middle-aged women are more actively engaged in SHG-supported enterprise activities. These age groups are also more likely to balance household responsibilities with income-generating work, making SHGs an accessible platform for entrepreneurship.

Table 2: Educational Qualification of Respondents

Education Level	Frequency	Percentage
Illiterate	10	16.7%
Primary	14	23.3%
Secondary	18	30.0%
Higher Secondary	10	16.7%
Graduate	6	10.0%
Postgraduate	2	3.3%
Total	60	100.0%

Most respondents have education up to the secondary level, while the proportion of graduates and postgraduates is comparatively low. The findings suggest that SHGs are particularly important for women with limited formal education because they provide practical exposure to savings, credit, basic business activity, group learning, and self-employment.

Table 3: Income Improvement after Joining SHGs

Response	Frequency	Percentage
Yes	48	80.0%
No	12	20.0%
Total	60	100.0%

A large majority of respondents reported improvement in income after joining SHGs. This supports the view that SHGs help women initiate or expand small income-generating activities and contribute more actively to household finances.

Table 4: Major Challenges Faced by Women Entrepreneurs

Challenge	Frequency	Percentage
Lack of finance	18	30.0%
Market access problems	15	25.0%
Lack of training	10	16.7%
Social barriers	9	15.0%
Technological problems	8	13.3%
Total	60	100.0%

Lack of finance emerged as the most frequently reported challenge, followed by difficulty in accessing markets. Training gaps, social restrictions, and technological limitations were also reported. The results indicate that SHG-based entrepreneurship requires more than credit support; it also needs business training, market connection, digital support, and social encouragement.

Table 5: Opinion on Financial Independence through SHGs

Response	Frequency	Percentage
Strongly agree	22	36.7%
Agree	24	40.0%
Neutral	8	13.3%
Disagree	4	6.7%
Strongly disagree	2	3.3%
Total	60	100.0%

About 76.7 percent of the respondents agreed or strongly agreed that SHG participation improved their financial independence. This indicates that SHGs have enhanced women's ability to earn, save, borrow, and participate in household-level financial decisions.

Table 6: Opinion on Confidence Improvement through SHGs

Response	Frequency	Percentage
Strongly agree	24	40.0%
Agree	22	36.7%
Neutral	8	13.3%
Disagree	4	6.7%
Strongly disagree	2	3.3%
Total	60	100.0%

The responses show that SHGs have improved the confidence and self-respect of women members. Confidence is an important non-financial dimension of empowerment because it influences women's willingness to interact with customers, banks, officials, suppliers, and other market actors.

Hypothesis Testing

The following tests were applied to examine the major empirical propositions of the study.

- **Test of Income Improvement**

Table 7: Chi-square Test Based on Income Improvement

Response	Observed Frequency	Expected Frequency
Yes	48	30
No	12	30
Total	60	60

The chi-square value for the income-improvement response is 21.60 with 1 degree of freedom. The value is significant at the 5 percent level ($p < 0.001$). Therefore, the null hypothesis is rejected. The result supports the conclusion that SHG participation is associated with positive income-related outcomes among women entrepreneurs in the sample.

- **Test of Perceived Financial Independence**

Table 8: Collapsed Likert Response for Financial Independence

Category	Observed Frequency	Expected Frequency
Agree/Strongly agree	46	20
Neutral	8	20
Disagree/Strongly disagree	6	20
Total	60	60

For analytical clarity, Likert responses were collapsed into three categories. The chi-square value is 50.80 with 2 degrees of freedom, which is significant at the 5 percent level ($p < 0.001$). The result supports the alternative hypothesis that SHG participation is associated with improvement in perceived financial independence and livelihood confidence.

- **Assessment of Entrepreneurial Challenges**

The challenge data show that all respondents reported at least one constraint related to finance, market access, training, social barriers, or technology. This supports the alternative hypothesis that women entrepreneurs associated with SHGs face significant practical constraints in sustaining and expanding their enterprises. However, the distribution across categories also indicates that the problem is multidimensional; no single intervention can address all barriers. A combined strategy involving credit, market linkage, training, digital tools, and social support is required.

Major Findings

- SHGs have contributed positively to women entrepreneurship in Jharkhand by encouraging savings, access to small credit, self-employment, and group-based economic participation.
- Most respondents reported improvement in income after joining SHGs, indicating that SHG participation has helped women strengthen household livelihood security.
- Financial independence improved for a large proportion of respondents, showing that SHGs support women's economic agency and participation in financial decision-making.
- SHG participation has also improved confidence, self-respect, and social participation, which are important non-economic dimensions of empowerment.
- Women entrepreneurs continue to face serious constraints, particularly lack of finance, market access problems, inadequate training, technological limitations, and social barriers.
- The entrepreneurial potential of SHGs is strongest when credit support is combined with skill development, mentoring, product quality improvement, branding, digital literacy, and assured market linkage.

Discussion

The findings confirm that SHGs play a developmental role in Jharkhand by creating entry-level opportunities for women who may otherwise remain outside formal enterprise systems. The income-improvement result suggests that small-scale entrepreneurial activities can contribute meaningfully to household welfare, even when enterprises remain micro in scale. For women with limited formal education, SHGs provide a collective environment where practical learning, peer support, and confidence building take place.

At the same time, the study shows that the present SHG ecosystem needs deeper enterprise orientation. Credit access is necessary, but it does not automatically create sustainable business. Women entrepreneurs require continuous handholding in costing, bookkeeping, packaging, branding, digital payments, customer communication, product diversification, and market negotiation. Without these supports, many SHG enterprises remain confined to low-margin local markets.

The findings also highlight the importance of social empowerment. Confidence improvement and financial independence are closely related to women's ability to interact with institutions and markets. Therefore, empowerment should be measured not only through income but also through decision-making, mobility, negotiation ability, and control over resources. SHGs can become stronger instruments of empowerment when they are linked with producer groups, cooperatives, digital platforms, public procurement systems, local fairs, and formal supply chains.

Recommendations

- **Credit** support should be made more timely, adequate, and enterprise-specific so that women can purchase raw materials, improve production, and manage working capital.
- Training programmes should move beyond basic awareness and include practical modules on costing, bookkeeping, digital payments, packaging, customer handling, inventory control, and quality management.
- Market linkage should be strengthened through exhibitions, local retail counters, online platforms, institutional buyers, producer collectives, and partnerships with private enterprises.
- Digital literacy should be promoted among SHG members so that they can use mobile banking, UPI payments, social media marketing, online catalogues, and government portals.
- District-level mentoring cells may be established to provide regular guidance on licensing, branding, packaging, GST awareness where applicable, bank procedures, and business expansion.
- Special attention should be given to tribal and remote areas where women face additional barriers related to mobility, language, infrastructure, and access to markets.
- Government departments, banks, NGOs, academic institutions, and livelihood missions should work in conver**gence so that SHG members receive continuous support rather than isolated short-term training.**

Policy Implications

The study suggests that SHG policy should increasingly shift from a welfare-led approach to an enterprise-development approach. SHGs have already created a foundation of savings, credit discipline, and collective identity. The next stage should focus on converting capable SHGs into sustainable livelihood enterprises and producer groups.

Policy frameworks should include measurable indicators such as enterprise survival, monthly turnover, market reach, digital adoption, repayment health, profit retention, and women's participation in business decisions. Such indicators would help institutions distinguish between routine group functioning and genuine enterprise development.

For Jharkhand, policy attention should also be linked to local resource-based entrepreneurship. Forest products, lac, bamboo, handicrafts, food processing, poultry, dairy, weaving, and local cuisine can be developed through value addition, branding, and cluster-based support. This would help women entrepreneurs move from low-value production to higher-value market participation.

Limitations of the Study

- **The** sample size is limited to 60 respondents and therefore the findings should be interpreted as indicative rather than fully generalizable to all SHGs in Jharkhand.
- The study is based on selected districts and may not represent the entire diversity of rural, tribal, and semi-urban areas in the state.
- The analysis relies on self-reported responses, which may contain personal perception bias.
- The study uses basic statistical techniques; future research may use larger samples, longitudinal dat**a, regression models, or comparative analysis between SHG members and non-members.**

Conclusion

The study concludes that Self-Help Groups have made a meaningful contribution to women entrepreneurship and socio-economic empowerment in Jharkhand. SHGs have improved income opportunities, encouraged self-employment, strengthened savings habits, enhanced financial independence, and increased confidence among women members. The results indicate that SHGs are not only financial groups but also social and developmental platforms.

However, the sustainability of SHG-based entrepreneurship depends on the extent to which women can overcome financial, marketing, training, social, and technological barriers. The findings clearly show that enterprise development requires an integrated support system. Credit must be accompanied by capacity building, product development, market linkage, digital inclusion, and institutional mentoring.

For Jharkhand, SHGs can become powerful instruments of rural transformation if they are linked with local resources, traditional skills, value chains, and formal markets. Strengthening SHG-based women entrepreneurship can contribute to women's empowerment, livelihood security, poverty reduction, and inclusive rural development.

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