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Research Article

Women's Economic Empowerment and Welfare Outcomes: A Comparative  
Study of Urban and Rural Self-Help Groups

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**ABSTRACT-** Women's Self-Help Groups (SHGs) have emerged as powerful community-based institutions that facilitate financial inclusion, livelihood enhancement, and improved welfare outcomes across diverse socio-economic contexts. This study provides a comparative analysis of urban and rural SHG ecosystems to evaluate differences in women's economic empowerment, decision-making autonomy, income generation, and social well-being. Using a mixed-method approach involving surveys, interviews, and administrative data from SHG federations, the research assesses how contextual factors—market access, skill development opportunities, digital literacy, and institutional support—shape SHG performance. Findings reveal that although rural SHGs demonstrate strong social cohesion and collective action, urban SHGs outperform in income diversification and enterprise growth due to better exposure to markets and training infrastructure. The paper concludes with actionable strategies to strengthen both urban and rural SHG models for sustainable women-led development.

## 1. Introduction

Self-Help Groups (SHGs) have become foundational institutions in the pursuit of gender-inclusive development, providing women access to credit, livelihood opportunities, and collective strength. Across India and many developing countries, SHGs help women overcome structural barriers such as poverty, lack of market access, limited mobility, and low financial literacy. While both urban and rural SHGs share the common goal of women's empowerment, their operating environments differ significantly.

Rural SHGs often emerge from community solidarity and social mobilization, focusing on saving-credit cycles, agricultural livelihoods, and government-supported schemes. Urban SHGs, on the other hand, operate in dynamic economic environments, characterized by greater exposure to training, markets, and digital networks. These contextual differences shape welfare outcomes differently.

This study aims to systematically compare empowerment indicators across urban and rural SHGs—covering income enhancement, decision-making, social mobility, access to services, and quality of life. The findings highlight how tailored interventions can strengthen SHGs as

engines of women-led socio-economic development.

## 2. Methodology

### 2.1 Research Design

A mixed-method research design was followed, integrating quantitative data from household surveys with qualitative insights from Focus Group Discussions (FGDs) and stakeholder interviews.

### 2.2 Sample Selection

- **Total SHGs studied:** 60
  - Urban SHGs: 30
  - Rural SHGs: 30
- **Total women participants surveyed:** 600 (10 members per SHG)
- Geographic coverage ensured representation across metropolitan wards and rural panchayats.

### 2.3 Data Collection Tools

- Structured questionnaire covering income, savings, loans, enterprise activity, decision-making authority, digital access, health, and welfare indicators.
- FGDs focusing on group dynamics, challenges, and aspirations.
- Interviews with SHG leaders, bank officials, NGO facilitators, and local government officers.

## 2.4 Analytical Framework

- Comparative analysis using descriptive statistics and mean-difference tests.
- Empowerment measured across four domains:
  1. **Economic Empowerment** (income, savings, credit utilization)
  2. **Household Decision-Making** (financial, mobility, health decisions)
  3. **Social Empowerment** (participation, confidence, mobility)
  4. **Welfare Outcomes** (health access, education continuity, asset creation)
- Qualitative data coded thematically for triangulation.

## 3. Case Study: Urban SHG Digital Entrepreneurship Cluster

An urban SHG federation in City X launched a digital entrepreneurship initiative enabling women to sell handmade products on e-commerce platforms. Training was provided on digital marketing, packaging standards, and online payments.

### Key Outcomes

- 72% participants reported a rise in monthly income by 30–40%.

- Digital literacy improved significantly, enabling women to use smartphones, manage orders, and track transactions.
- Women reported increased confidence in negotiating prices and dealing with customers.
- However, competition and saturation of online marketplaces posed sustainability challenges.

## 4. Case Study: Rural SHG Agro-Based Collectives

A rural SHG cluster in District Y specialized in organic farming, vermicomposting, and poultry units supported by agricultural extension services.

### Key Outcomes

- Collective marketing increased profit margins by 18%.
- Women gained recognition in village institutions and participated in panchayat meetings.
- Improved access to health insurance and social welfare schemes through SHG-based awareness drives.
- Infrastructure constraints (transport, cold storage) limited expansion potential.

## 5. Data Analysis

**Table 1: Economic Empowerment**

**Indicators (Urban vs. Rural)**

Indicator	Urban SHGs (Mean)	Rural SHGs (Mean)	Difference
Monthly Income (INR)	12,500	8,300	+4,200
Monthly Savings (INR)	1,850	1,250	+600
Loan Uptake (%)	78%	82%	-4%
Enterprise Ownership (%)	61%	47%	+14%
Digital Payment Usage (%)	74%	36%	+38%

**Table 2: Empowerment & Welfare**

**Indicators**

Indicator	Urban SHGs	Rural SHGs	Key Insight
Household Financial Decision-Making	68%	59%	Urban women slightly more autonomous
Mobility Without Permission	72%	49%	Higher freedom in urban areas
Participation in Local Governance	29%	41%	Rural SHGs more active in community decisions
Access to Healthcare Schemes	63%	54%	Urban lead due to better proximity
Children’s Education Continuity	88%	81%	Higher in urban SHG homes
Asset Creation (Livestock, land improvements, business equipment)	52%	44%	Moderate difference

## 6. Key Comparative Insights

### 6.1 Economic Empowerment

- Urban SHGs benefit from diversified market opportunities (tailoring, catering, e-commerce, beauty services).
- Rural SHGs focus on agriculture-linked income activities, which are seasonal but stable.
- Urban groups achieve higher income growth, while rural groups demonstrate more disciplined saving and credit cycles.

## 6.2 Decision-Making & Autonomy

- Urban women show greater freedom in mobility and financial decisions, influenced by modern social norms.
- Rural women gain authority through collective SHG reputation but face household patriarchal restrictions.

## 6.3 Social & Welfare Outcomes

- Rural SHGs excel in social cohesion, peer support, and participation in community institutions.
- Urban SHGs see better access to welfare schemes due to proximity but weaker community bonding.
- Both groups significantly improved children's education continuity and reduced vulnerability during emergencies.

## 6.4 Challenges Identified

- **Urban SHGs:** market competition, high cost of inputs, technology fatigue, limited space for production.
- **Rural SHGs:** inadequate infrastructure, limited digital skills, dependency on agricultural cycles.
- **Common challenges:** delayed bank linkages, documentation issues, limited financial literacy training.

## 7. Questionnaire (For SHG Performance & Empowerment Assessment)

1. How long have you been a member of the SHG?
2. Has your income increased since joining the SHG? (Yes/No)
3. Do you participate in key household financial decisions? (Always/Sometimes/Never)
4. How often do you save in the SHG account?
5. Have you taken any loan from the SHG in the past 12 months?
6. Do you run or co-manage any income-generating activity?
7. Are you able to use digital payment methods confidently?
8. Do you attend SHG meetings regularly?
9. Have you undergone any skill development or entrepreneurship training?
10. Do you feel more confident speaking in public after joining the SHG?
11. Do you face restrictions on mobility from family members?
12. Have you enrolled in any government welfare scheme (health, insurance, pension)?
13. Are SHG meetings helping you resolve financial/social issues?
14. Do you participate in local community or governance activities?

15. Overall satisfaction with SHG membership (1–5 scale).

### 8. Conclusion

The comparative analysis shows that while urban SHGs achieve stronger economic outcomes due to better market integration and digital adoption, rural SHGs excel in social cohesion, collective bargaining, and grassroots development roles. Both models have unique strengths and limitations. Enhancing digital capacity in rural groups, strengthening urban SHG community networks, improving credit facilitation, and promoting entrepreneurship training can significantly uplift women's socio-economic status. SHGs remain one of the most effective pathways for women's economic empowerment and long-term welfare improvement across both rural and urban landscapes.

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