

Impact of NABARD-Supported Self Help Group–Bank Linkage Programme on Women Empowerment and Rural Entrepreneurship in India

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Abstract:

This study examines the potential of the National Bank for Agriculture and Rural Development-supported Self-Help Group–Bank Linkage Programme (SHG-BLP) to support women’s empowerment and rural entrepreneurship in India. Going beyond the usual models of financial inclusion, this article aims to address the unaddressed problem of the gap between access to microfinance and the realization of development-oriented enterprise outcomes for rural women. Building on a multidisciplinary approach that combines development finance, gender studies, and institutional issues, the study is able to examine the structural barriers of access to credit as well as the institutional design and social conditions of the transition from access to credit to entrepreneurship. While SHG-BLP has significantly improved financial inclusion, savings behavior, and social participation, its impact on enterprise development is uneven and often limited. A large portion of credit is used for consumption smoothing, debt servicing, and low-return activities, rather than productive investment. The paper introduces the idea of an 'entrepreneurial threshold' to explain that credit goes from a coping mechanism to a catalyst for economic growth. It also points out that financial confidence is a key mediating variable between SHG participation and entrepreneurial intent, and that rural women are also more likely to experience the 'double burden' where economic participation is coupled with ongoing unpaid domestic responsibilities. Institutionally, the comparison of NABARD’s developmental credit architecture with market-driven microfinance models is based on the notion that the former is more likely to yield empowerment in the long run but does not work well as credit, skill development, and market linkages are weak. The results reveal that financial inclusion alone cannot achieve empowerment unless enterprise support systems, gender-responsive policies, and ecosystem-based interventions are provided. The paper concludes with suggestions for a new paradigm shift away from microcredit to a holistic rural enterprise development framework. It calls for rethinking SHG-BLP as a platform for building capacity, market integration, and institutional convergence so that not only women are borrowers but entrepreneurs as well. In the process, the study contributes to the greater global debate about whether institutionalized microfinance can be an authentic tool of structural transformation and inclusive development.

1. Introduction:

Inclusive development discourse has shifted from the narrow and difficult goal of providing people access to financial services to the broader and more demanding goal of making finance a tool for structural socio-economic change. Particularly in the Global South, the distinction between financial inclusion and financial empowerment has been made. Financial inclusion means access to formal forms of savings, credit, insurance, and payment as well as the ability of people (especially those who have been in the most marginalized groups like women) to transform that access into more powerful agency, ownership of assets,

resilient incomes, and upward mobility. India is at the center of the global debate because it has been leading the way in implementing one of the world's largest state-supported and institutionally mediated rural financial inclusion. As such, the programme is more than a credit delivery tool; it is a unique institutional innovation that links women's grassroots collectives to the formal banking system, applying savings discipline, peer accountability, social intermediation, and livelihood support. It also serves as an international case study that expands from the Indian to international debates on whether collective microfinance can enable marginalized women to move from debt to economic independence. NABARD's importance is now apparent in view of development policy goals in the present. Access to finance is now not only a banking issue, it's a question of inclusive growth; women's empowerment, entrepreneurship opportunities. But as the research continues to build, access alone cannot be enough to change the course of the world. In many cases, the spread of formal financial services has certainly made bank accounts and credit outreach better, but not always enterprise growth, diversified incomes or greater control of productive resources by women. This contradiction is particularly visible in rural India. The rise of Self-Help Groups (SHGs) and their link to banks has certainly increased access to finance for poor and underprivileged women. But how does it translate into sustainable rural entrepreneurship? NABARD operates not only as a financial instrument of support but also, in the context of a wider development experiment, as a major institution in the field of collective finance that aims to move poor rural women beyond subsistence and onto a more productive business-based path.

The issue is even more dire when we take into account the various obstacles faced by women in rural India. They are not just economic in nature but also socially and institutionally as well. Rural women are more likely to be concentrated in informal, low-paid work. They do not have productive assets, are less mobile and feel they are less independent in their income and household decisions. Modern banking systems have not been able to meet their concerns, since they need collateral for sale and transaction costs are high and to accept them, they have assumed low creditworthiness. The SHG-Bank Linkage Programme (SHG-BLP) was created to address these gaps. It attempted to bring financially excluded women into banking via savings, trust and group responsibility by pooling savings, trust and group responsibility. The programme has been widely acknowledged for a long time as a way of developing savings habits, credit access, repayment discipline and social solidarity. In addition, it has been associated with more empowerment in general - more influence on household decisions, public participation and confidence. These are huge successes and one should rejoice. But the success of the programme cannot be measured only in terms of inclusion or outreach. If the aim of the wider policy is women-led rural transformation, then the question is whether financial inclusion has enabled women to create viable enterprises, broaden their economic horizons and hold long-term control over productive decisions.

It is here that the main concern of this study comes into view. India has made huge progress towards financial inclusion in rural women through SHGs, and NABARD-supported SHG-BLP has been a major source of support. But the transition from financial inclusion to enterprise empowerment is patchy and in some cases very small. A great deal of credit obtained through SHGs is used for consumption needs, emergency expenditure, repayment of older debts, or low-return informal activities, not investment in growth-oriented enterprises. And even if women do earn money, they are still concentrated in traditional, overcrowded or home-based jobs that lack value add, weak market connections, and a limited scope for growth. And so access to credit does not automatically create dynamic rural enterprises or make women's economic status significantly better. This gap creates a critical analytical and policy question: why does financial inclusion not translate into strong micro-entrepreneurship and continued rural enterprise growth? I have suggested a number of explanations, but they are fragmented in the literature. One line of argument has been that credit is not enough in the absence of complementary skills, market access, business training, digital literacy, and institutional support. Another is structural: in terms of gendered norms, unpaid care requirements, mobility restrictions, lack of infrastructure, and male appropriation of women's loans,

women have less autonomy to use finance at the enterprise level. The third aspect is that SHGs are not all alike from the internal perspective, and that not all groups on the one hand have the same level of cohesion, managerial competence, or network backing, and not all lending relations with banks are responsive to enterprise development. There is also evidence that many SHGs do more to mobilize savings and social security than to incubate entrepreneurship. These accounts suggest the problem is not just a matter of lack of credit, but rather the entire environment in which credit is embedded. Yet despite this acknowledgment, we still do not know how NABARD-supported institutional arrangements influence the transition from micro-credit use for household survival to micro-entrepreneurship as a way to economic growth. This remains an open problem, and it is likely that it is a blind spot in the research context. Research on the SHG-BLP has provided essential insights on financial inclusion, repayment performance, savings behavior, and certain dimensions of women's empowerment such as self-confidence, mobility, and decision making. Similarly, a large body of research on microfinance has investigated whether accessing even small loans leads to poverty or reproduces debt reliance. However, far fewer studies have considered the transition of micro-credit to micro-entrepreneurship in the context of NABARD-supported SHG-bank linkage. Most of the literature treats entrepreneurship as a secondary or accidental outcome of accessing credit rather than a process that requires different types of capability formation, market integration, and institutional support. So income generation is often conflated with entrepreneurship, and livelihood maintenance is associated with enterprise development. This conflation is a symptom of the divergence between borrowing for survival and borrowing for growth. It also makes it difficult for us to assess whether the SHG-BLP is a means of support for consumption and social resilience or creating a space for women to hold, sustain, and grow productive activities.

The conceptual framework of empowerment itself also is less clear. In many of these evaluations, empowerment is associated with participation in SHGs or loans, and so procedural inclusion is more meaningful than any real change. While being in a financial network is certainly a good thing, empowerment in a deeper sense is really about being able to make the right decisions in life, command productive resources, negotiate market opportunities, and have the ability to retain the profits of economic activity. In what ways do you think that entrepreneurship has evolved into financial empowerment? If women are able to leverage SHG-related finance to develop business ideas, diversify household income and employment, and have bargaining power in the family and community, then the programme's emancipatory claims are supported by an empirical basis. If not, the gap of access to and agency is still unbridgeable. In this study, we approach NABARD's SHG-BLP not only as a financial inclusion programme but also as a developmental institution that needs to be appraised for its transformative potential in relation to the development of enterprise bases and women's economic agency.

In this regard, the paper argues that the real analytical challenge is to understand what happens when access to finance becomes entrepreneurial capability for all. That would mean going beyond celebratory narratives of outreach and not simply treating microfinance as a matter of debt circulation. It suggests that institutional structure, social capital, gender norms, and local market structures work together to shape entrepreneurial outcomes for rural women. It is in this context that NABARD's role is particularly urgent because it has not just refinanced bank loans but also provided a platform for the development of capacity, training, and promotion of a group-based rural finance system. How far these institutional mechanisms will be able to move women from borrowers to entrepreneurs is an academic matter and policy question. In a world where women-led development has become a critical pillar of India's inclusive growth agenda, the answer has implications for how microfinance, livelihood missions, rural credit systems, and entrepreneurship promotion policies are designed.

The present study is therefore in the middle of development finance, gender studies, and rural entrepreneurship. It assesses the impact of the NABARD-supported SHG-BLP on women's empowerment

and how financial inclusion leads to entrepreneurial success in rural India through the lens of how it is achieved. Rather than assuming that access to bank-linked microcredit automatically leads to enterprise development, the paper explores the path, limitations, and mediating factors that drive this transition. In doing so, it contributes to the larger international debate on whether and why institutionalized microfinance can make up for the inclusionary indicators and be an actual tool of financial empowerment; it also shifts the focus from a micro-credit system in survival and micro-entrepreneurship in growth to one that is well-developed and a more rigorous methodology of assessing the development of NABARD's intervention and the future of women-centric rural finance in India.

2. Literature Review:

The literature on self-help groups, microfinancing, women's empowerment and rural entrepreneurship has shifted from optimistic visions of financial expansion to more nuanced analyses of social, gendered and institutional conditions that govern development. The NABARD-backed Self-Help Group–Bank Linkage Programme (SHG-BLP) has been central to the debate in India, since it is a combination of collective organization, formal banking access and state-backed developmental intermediation. However, the effect of this model can't be assessed just as numbers of accounts opened, credit disbursement, or repayment rates. A good analysis of the literature tells us that three aspects are particularly important for assessing the potential of this model: the role of “social collateral” in group-based finance and its performance, the female experience of women who are entrepreneurial and still have to do the unpaid domestic work, and NABARD's developmental credit architecture versus the market-driven microfinancing of private microfinance institutions. These illuminate the core tension between access and agency, inclusion and empowerment, survival finance and growth-oriented entrepreneurship.

2.1 Group Dynamics and the Limits of “Social Collateral”

One of the most influential concepts in the literature on SHGs and microfinance is that of “social collateral,” i.e., social ties, peer accountability, collective reputation and mutual monitoring. In rural communities with little land, assets or income, this mechanism has been widely regarded as an institutional innovation. It reduces information asymmetries and transaction costs that lead to the absence of formal lenders to lend to low-income borrowers. The SHG model is based on saving discipline, regular meetings, peer review and group-level responsibility and therefore opens up the doors for banks to provide credit to people who have traditionally been not part of the formal banking system. A wide body of literature has praised this system for increasing repayment performance and financial inclusion and for creating social identities that can help in the formation of social participation and local self-determination.

But that positive view has been criticized more recently. Critics have also claimed that the literature has romanticized the idea of group solidarity and social collateral as a simple tool of empowerment without considering its contradictions. Peer monitoring can indeed encourage repayment, but it may also create moral pressure, reputational anxiety and coercive enforcement within the group. In practice, repayment discipline is often transferred from formally-run institutions to the women and in some cases to the women themselves who must deal with internal division and will face default risk as well as social pressure to get credit. What is theoretically efficient in terms of the institution can carry emotional and social costs too for the borrowers. The group is at once a channel of inclusion and a place of surveillance.

Another weakness of the literature is the tendency to assume homogeneity in SHGs. Many studies have treated group cohesion as a natural attribute, when in fact, cohesion is largely a function of caste structure, kinship relations, local leadership, literacy, political mediation and past collective action. Not all groups are equally participatory, democratic or stable. In some cases, at the same time, dominant players act as a mediator, make decisions that affect loan allocations, or mediate the communication with banks and development agencies. Internal asymmetries complicate the idea that social collateral is a product of

egalitarian trust. Instead it may reproduce existing social hierarchies even as it increases financial reach. This suggests that the effectiveness of the SHG mechanism is not only based on group structure, but also on the quality of intra-group governance and the inclusiveness of the collective processes.

The literature also points to a conceptual ambiguity about the relation between social collateral and entrepreneurial outcomes. Much of the evidence indicates that group discipline is effective in maintaining savings behavior and loan repayment but does not necessarily imply that it promotes innovation, risk-taking or enterprise growth. Entrepreneurship is often about being flexible in decision making, making different investment choices and being able to take on short-term uncertainty for long-term returns. Group-based lending, by contrast, tends to favour safe and predictable repayment behaviour. In this sense, the very mechanism that makes SHG finance institutionally viable may also push borrowers to low-risk, low-return activities and not growth-oriented enterprises. These studies have not properly addressed this tension. As a result, the literature is stronger in explaining why social collateral is important for financial inclusion rather than in demonstrating how it helps women to transition into scalable entrepreneurship.

Another important criticism is the externalization of institutional responsibility. Group solidarity is seen as an alternative to formal collateral and lenders may depend too much on borrower collectivities and not spend enough on other forms of support such as enterprise training, market linkage, mentoring and post-credit monitoring for development of a business. Social collateral can reduce default risk but it cannot substitute for the wider ecosystem necessary for productive enterprise development. With little to no support in the form of such support, loans may go mostly in consumption, debt servicing or very small-scale subsistence activity. The literature is now increasingly suggesting that social collateral is not meant to be the ultimate solution to development problems but rather a partial institutional tool whose ultimate effectiveness is dependent on a system of capability development and economic opportunity.

2.2 A Gendered Lens: The Dual Burden of Rural Women Entrepreneurs:

The literature on women's entrepreneurship in rural India has shown that access to credit is not something that can be made in a gender-neutral fashion. Women who are involved in SHGs and do income earning work in a household and community that has gendered expectations on care work, domestic work, mobility and obedience are very much embedded. This has led to the characterization of rural women entrepreneurs as "dual burden" or "double shift": women are supposed to take care of household income through productive work yet remain responsible for unpaid reproductive work. The relevance of this issue is immense, as it shows that entrepreneurship for rural women is not just to get credit or to start a business but to deal with time poverty, role overload and unequal social expectations. Part of the empowerment literature suggests that SHGs can improve women's confidence and social awareness and make them more autonomous. Women's participation in meetings, saving by their family and taking credit can help them move around and public engagement and income generation can increase their bargaining power in the household. But those gains often come at the cost of constant domestic obligations and not without them. Women may become economically active but not receive a redistribution of household work. But entrepreneurship becomes an additional responsibility rather than a new way to take a look at gender relations. The result is that women's enterprises are largely based on domestic schedules, child care, elder care, agricultural work and household duties that limit the size, continuity and profitability of their economic activities. This double burden has several implications that are not always taken into account in the microfinance literature. First, it affects what kinds of enterprises women can pursue. Rural women do tailoring, food processing, livestock rearing, petty trade, handicrafts and small service work because it can be done in addition to domestic work and mobility. Though these are very useful jobs, they are often at very low barriers to enter and not only are they very challenging, they are often limited by limited technology and less access to more markets. The high proportion of these industries shows that enterprise choice is not only entrepreneurial aspirations or market demand but also the way in which time and space are gendered as well. Second, that even when credit is given to women it can be negotiated or contested

in the household in the literature. In some cases, loans that are taken from women's SHGs are to meet family consumption needs, agricultural input costs or male economic activity and so it makes it difficult to believe credit for women automatically enhances women's autonomy. It is not just whether women are granted loans but also whether women still have control over investment, income flow and enterprise assets. So the transformation of financial inclusion into real economic empowerment depends on intra-household power relations more than external credit access.

Third, there are implications for enterprise performance and sustainability of the gendered burden of entrepreneurship. Time fragmentation, poor mobility, market weakness and chronic fatigue limit women's capacity to expand operations, drive innovation, or participate in training and networking. And in many cases, women's enterprises are survival oriented not because of a lack of aspiration but because of their structural conditions that constrain growth. And that's also where the literature is increasingly converging with feminist political economy, where productive work cannot be understood apart from reproductive work, which is the lifeblood of households and labor markets. From this view, the underperformance of women-managed micro-enterprises is more than the product of individual or managerial failure; it's the social organization of gendered work.

At the same time, the literature does not support a deterministic reading that women's entrepreneurship is inevitably constrained. Several studies have shown that collective participation in SHGs can promote negotiation, solidarity, and incremental change in gender norms. Women may become more confident travelling, trading with banks, accessing local markets and taking part in public forums. Group membership can also lower isolation and provide emotional support, information sharing and role modeling. But these gains are highest when credit is supported by training, family awareness, institutional mentoring and value chain access. So our review suggests that a gender-sensitive evaluation of SHG-BLP needs to go beyond measuring women's participation in finance and instead ask whether institutional arrangements account for the unpaid care constraints and social norms that determine entrepreneurial possibilities in women. Without this lens, the literature risks overstating empowerment and underestimating labor intensification in women-led enterprise.

2.3 Institutional Perspective: NABARD's Credit Delivery Mechanism and Private Microfinance:

The literature from an institutional perspective presents NABARD's SHG-BLP and private microfinance institutions (MFIs) as two different models of financial intermediation with their own assumptions, operational models and development implications. NABARD's model originated in a public-developmental context to help develop rural women in savings-led collectivization, bank linkages and gradual credit development. The social intermediation, relationship banking, capacity building and use of SHGs as financial and development platforms are at the heart of its philosophy. Private microfinance institutions tend to operate in a more standardized, commercially driven and individually or jointly liable lending environment where portfolio expansion, repayment consistency and operational sustainability are critical. The literature of these two models brings up the question of, which model is more efficient and efficient for what? If efficiency is measured in terms of loan delivery speed, access frequency, standard procedures and transactional convenience, private MFIs always look better. They have streamlined operations, faster disbursement cycles, doorstep services and more aggressive outreach. When borrowers need liquidity in an urgent way, such institutions are more accessible and responsive than formal banking channels linked through SHGs. Many studies have found that bank procedures under SHG-BLP are often delayed by paperwork, bank branch discretion, staff motivation, and lengthy documentation requirements. The quality of linkage is also different for different regions and banking institutions. In this sense, NABARD's system may seem less efficient in purely operational terms, particularly when compared to the high-frequency lending model of commercial microfinance companies.

But the literature generally cautions against reducing efficiency to speed in order to make loans or turn them away. NABARD's mechanism is built on a broader developmental logic that private MFIs do not necessarily share. The SHG-BLP is about not only increasing credit but also building saving habits and group discipline, financial literacy and collective capacity before large scale borrowing happens. This sequencing is often hailed as a key factor, because it builds financial resilience and decreases debt dependence. Unlike many commercial microfinance systems, which may prioritize rapid credit expansion, NABARD's approach is based on the link between lending and group maturity and internal thrift. This will also lead to stronger borrower relationships, and more aligned with long-term empowerment objectives, when the flow of credit is slower. Private MFIs may be more efficient in terms of credit delivery, but they may not be more effective in promoting empowerment or sustainable entrepreneurship as a comparison to the literature shows. In their business models, repayment discipline and portfolio quality are emphasized in comparison to enterprise mentoring, market integration or collective institution building. In some countries multiple borrowing, debt cycling and pressure-based recovery have emerged. NABARD's SHG-based architecture can also offer a more socially and perhaps less extractive approach in its use of local group structures and is often related to public development programmes. In other words, the role of SHGs as platforms for skill development, livelihood development and social mobilisation is much more than just a financial function alone. The literature doesn't see the SHG-BLP as institutionally unproblematic however. A recurrent complaint is that the development potential of the model is undermined by the uneven execution and lack of coordination of credit, training and market support. NABARD has played a key role in refinancing, promotion and policy support for the programme and yet it is still a last-mile programme that is built on banks, NGOs, self-help promoting institutions and local administrative capacity. If the intermediaries are weak, credit is not awarded regularly, delivery is slow, not timely and does not connect to enterprise planning cycles. And the fixed link between SHGs and banks is not always able to meet the different needs of those who want to go from consumption smoothing to business expansion. Loan sizes may be too small, repeat credit may not be consistent with enterprise growth stages and bank officials may prioritize repayment history over business viability. These constraints can limit women's progress from borrowers to entrepreneurs. Another component of the argument of comparative institutions is borrower orientation. Private MFIs often see clients as credit consumers, but NABARD, at least in principle, sees women as development participants in the development of a community of institutions. At the same time, the distinction matters because entrepreneurship development is not just lending, it's institutional patience, sector knowledge and risk sharing and market-facing capabilities. While private MFIs may offer the right working capital, they are not equipped to nurture long-term relational and development infrastructure for enterprise growth. And NABARD's competitive edge is that it can integrate finance with social and institutional development. But this potential is not being fully realized, and the literature repeatedly highlights the need for banks, livelihood missions, producer organizations, training agencies and market actors to converge better. In summary, the institutional literature provides a more nuanced answer. Private microfinance systems may be more efficient than NABARD on the transaction side of things like disbursement speed and procedural ease, but NABARD's credit delivery model would be much better if viewed in the wider development perspective with savings mobilization, collective institution building, social intermediation and empowerment-oriented aims. This potential is still not translating into entrepreneurial success because the credit architecture is still more effective at making access to finance and inclusion possible than at driving enterprise growth. So the policy question is not whether NABARD should replicate the efficiency of private microfinance, but how it should structure its development system to make sure access to finance is a complement to business capability, market access, and gender-based support.

3. Analysis and Discussion:

The NABARD-supported Self-Help Group–Bank Linkage Programme is not only an important tool of financial inclusion, but also a serious question of whether that help is translating to economic change in

rural women. The research published in the last two years has shown that access to credit, collective organization, and institutional support do not work in a linear or uniform way. Rather, they are affected by the nature of the borrowing, the quality of group membership, the gender relations of household work, and the wider enterprise support network. We therefore focus on three interrelated issues: the existence of an “entrepreneurial threshold” at which credit starts generating business growth rather than debt recycling, whether financial confidence is a mediator between SHG participation and entrepreneurial intent, and whether empowerment of individuals through enterprise is a way of negating or relieving the domestic pressures of women’s double burden.

3.1 The Entrepreneurial Threshold: Between Productive Credit and Debt Recycling:

One of the main assumptions driving microfinance-led development is that access to formal credit allows poor women to invest in small enterprises, diversify livelihoods and gradually accumulate income and assets. However, evidence of SHG-related finance suggests that credit and entrepreneurship are not mutually-reinforcing factors. In many rural countries, initial loans are directed to immediate household needs like food consumption, health care expenses, school fees, social obligations, debt repayment, or seasonal cash-flow shortages. These are rational, and often necessary, in a context of livelihood volatility, but cannot be used to put a foundation for enterprise growth. As a consequence, credit development is dependent on whether households can move beyond a level where consumption is smoothed and into a state where borrowing enables productive investment with the prospect of returning on investment. This transition can be thought of as an "entrepreneurial threshold."

The entrepreneurial threshold refers to the minimum set of conditions for credit to change from a shield to a growth-enhancing economic resource. This includes the ability to not only get sufficient loan size but also the cash flow of the borrowed money to be predictable, basic market opportunities, skills, time, and the ability to take on business risk. With these conditions missing, credit can be circulated among low-return activities or in the hands of household vulnerabilities and debt will be collected with little to no growth in the enterprise. In such cases repayment can still happen (often because of group pressure, social obligation, or income from other household members) but the relationship is reproductive rather than transformative. This is important because high repayment rates, which many people take for granted as evidence of programme success, are in fact the evidence that loans are not producing sustainable entrepreneurial growth.

For this reason, the existence of a potential debt trap should be taken seriously but should be viewed with some degree of caution. Debt trap in SHG-based credit is not indicative of chronic insolvency in the traditional sense. Rather, it may take the form of repetitive borrowing to pay for consumption needs, pay off previous debts or sustain small-scale labor that is not sufficient for expansion. This pattern can give the appearance of financial progress and keep women in subsistence-based economies of scale, and this is especially the case when loan amounts are small, repayment schedules are not aligned to enterprise gestation periods or the borrowers do not have access to markets, infrastructure and technical support. In this context, credit seems to be more of a coping mechanism than as developmental capital.

But at the same time, it would be logically misleading to conclude that consumption-based borrowing is unproductive or unwanted. For poor families, a smoothing out of consumption, avoiding moneylenders and dealing with crises is a big help. What is wrong is when policies put the mere use of such welfare-based credit in the same category as entrepreneurship. The question here is not whether women use the credit to buy things but how the social capital structure of the SHG-BLP will help borrowers to move beyond financial stability and to create businesses. This process needs to happen in a certain order. The first stage of borrowing is a safeguard; as confidence in lending grows and repayment history improves, later stages can be a source of income-generating investments. This threshold of entrepreneurship is not a

static or fixed benchmark; it is a dynamic state and the nature of which is determined by the collective individual participation, the economy and the support systems it has to offer.

There is evidence that business growth is more likely when credit is combined with capacity-building interventions such as enterprise training, digital and financial literacy, product diversification support, value-chain integration and market linkages. It is also more likely when women have control over the loan and work in real markets and not in overcrowded low-margin industries. So the central takeaway of this study is that credit alone is rarely sufficient to create entrepreneurial growth. It can trigger participation, reduce financial exclusion and increase liquidity, but without capability and structural support, credit can end up in consumption management and low-productivity self-employment. The policy message is clear: evaluating SHG-BLP in terms of loan disbursement and repayment is not the same as measuring the qualitative difference between debt that creates a level of poverty and debt that creates a level of enterprise transformation.

3.2 Mediator Analysis: Financial Confidence as a Pathway to Entrepreneurial Intent:

One interesting question in the empowerment literature is to understand how SHG participation relates to entrepreneurial behaviour. It is unlikely to be a direct one. The existence of a self-help group does not make a woman an entrepreneur; exposure to group savings and credit does not always make her want to start a business. Instead, it is likely that the relationship is mediated by experiences of self-perception, financial capability and confidence in dealing with the formal institutions. One of the most likely variables in this context is financial confidence; the confidence in being able to save regularly, to access and manage loans, to interact with banks, to make financial decisions and to take some degree of economic risk.

Participation in SHGs can plausibly increase financial confidence through several channels. Saving regularly in a bank will help women to know what they have to do with money and how to keep a safe account and not be wasteful. Group meetings also offer a common experience of financial conversations and record keeping and collective decision making. Bank linkage reduces the symbolic and practical distance between poor rural women and formal financial institutions. Repeated saving, borrowing and repayment will gradually erode the fear of banks and to some extent the legitimacy of these banks as economic actors. This institutional socialization is especially important in contexts where women have historically been excluded from formal finance and where economic decision-making has been dominated by men. So even before entrepreneurial activity begins, SHG participation may change women's subjective thoughts on money, risk and institutional interaction.

From the perspective of business confidence, financial confidence can be a bridge between inclusion and entrepreneurial intent. Women who are more confident about finance may be more likely to find business opportunities, plan small investments, negotiate with suppliers or customers and see themselves as able to generate income. And entrepreneurial intent is not just a response to credit availability but a response to increased financial self-efficacy. This is why the SHG membership has more of an impact than financial loans immediately. The sense of collective and institutional experience of being a member of a group can change people's aspirations and view of agency, and in turn influence their willingness to conduct business.

But the mediating role of financial confidence need not be overstated. Confidence can increase intention but not necessarily long-term enterprise outcomes. Real change of intent has to be made as well as the material and social conditions of time, mobility, market access and household support and so on. A woman may feel more capable of managing money and more inclined to entrepreneurship but still find herself paralyzed as time is spent caring for her family and household activities, social rules limit her ability to travel, or loans are too low for real business investment. This means financial confidence is crucial, but

not enough to get the results that really need to be made. It expands the psychological and cognitive horizon of action, but the realization of entrepreneurial intent requires an enabling environment. The various stages of participation offer different methods of mediation. Early in the process, SHG membership can build financial confidence and social interaction, but may not have an immediate impact on entrepreneurial action. As credit repayment history is established and women can begin to participate in group activities more confidently, their entrepreneurial spirit may be strengthened. But this is not the case for everyone and the environment. Group quality, peer support, training opportunities, and local opportunities are all part of a process to translate confidence into an entrepreneurial enterprise. This implies that the journey from membership to entrepreneurship is not linear, but rather a multi-stage process that is not one-way.

From a conceptual perspective, this mediation can be the basis of improving the simplistic assumptions that many development programs make. It shifts the focus from whether credit is leading to entrepreneurship to whether institutional involvement brings about the level of economic self-efficacy that makes entrepreneurship feasible. In this perspective, the success of the SHG-BLP can not only be measured on enterprise level or business-relevant outcomes, but also on whether it creates an atmosphere of confidence that promotes entrepreneurship. But the development of this relationship will depend on whether the institutional and social barriers can be overcome for the ambition to be realized and made into reality, and that is what makes it work.

3.3 The Double Burden Hypothesis: Empowerment, Enterprise, and Domestic Stress:

One of the main tensions in the literature on women's empowerment is that economic participation may simultaneously increase agency and intensify labor burdens. This is particularly relevant in rural India, where women's productive roles have grown through engagement in SHGs and micro-enterprise opportunities, while the gendered division of unpaid domestic work remains largely unchanged. Thus, the "double burden" hypothesis asks whether the increased responsibilities of income generation are balanced by stress, fatigue, and role conflict for women in SHGs and businesses. This is not a peripheral issue; it is at the heart of the question of empowerment as defined and evaluated.

SHG participation can further develop multiple dimensions of empowerment. Women can get credit, earn money, have a better savings discipline, be more open to moving around in public, speak more confidently in public places, and be more actively involved in household decisions. Enterprise activity might also increase their contribution and visibility and bargaining power. Even moderately high income generation can change family views of women's economic worth and legitimacy in terms of education, consumption, health, and asset use, and so on. The outcomes are real and significant. They indicate that empowerment need not be seen only in dramatic or revolutionary terms; incremental change in confidence, recognition, and decision-making power is important, too.

But the evidence also indicates that these gains are often put in place of existing domestic tasks rather than with the redistribution of labor. Women still take care of cooking, cleaning, water collection, care work, and agricultural care, even as they engage in savings meetings, bank interactions, loan management, and enterprise operations. As a result, empowerment through financial inclusion might come at the expense of labor. The woman who is more visible in the local economy may also have more time poverty, fatigue, and stress in her life. Her enterprise might have to work at night, work from home or elsewhere, and she may have to be so distracted that she can't really get away. Thus, empowerment in one domain can coexist with overload in another one. This is a very important question for us. If women are allowed to speak out more but have less leisure time, if they are paid more and have to put in more unpaid work, if they have freedom to move and are under surveillance and constantly engaged in fighting, is this empowerment? A sound analytical mind shouldn't be content with binary conclusions. The link between self-help groups

and domestic stress is not one of pure conflict and hostility. It's dialectical: the processes that support women's autonomy also open them up to new burdens, negotiations and vulnerabilities. Participation in an enterprise can improve self-esteem and control over domestic life, but unless a fundamental shift in the way domestic responsibilities should be renegotiated is made, the cost of empowerment for women is likely to be borne by the women themselves. The "double burden" hypothesis is also not all that different. The stress will be affected by such factors as domestic support, age and life stage, number of dependents, caste and class status, mobility, type of enterprise and number of children. Women with other family members or older children may be more able to make entrepreneurial activity a real empowerment. On the other hand, those without domestic support may see their enterprise as a matter of being a continuation of their unpaid labor and not a path of autonomy. We also know that home-based and low-investment businesses are easier to establish and grow, but also less profitable. Travel, training or market participation can be more lucrative and may cause more friction with gender norms. So the real measure of empowerment is not just economic opportunity, but also the flexibility of domestic gender dynamics. This conditional conclusion is made: having access to Self-Help Groups (SHGs) leads to more empowerment but whether and how much the effect will be sustained depends on whether the domestic labor relations and support networks are changing around women's economic roles or not and if the institutional recognition of care-related issues is not taken care of. In the latter case, more stress from entrepreneurial responsibility could also reduce the number of women-owned businesses in the long run. In this case, women can be compelled to take part out of necessity and social obligation, but the level of empowerment is relatively low. Hence, for any analysis of SHG-BLPs we should look beyond monetary and participatory indicators and examine the degree of actual engagement in the enterprise.

4. Policy Implications:

The previous analysis demonstrates that the development of the Self-Help Group–Bank Linkage Programme (NABARD) can't be evaluated through the metrics of outreach, savings mobilization, or repayment performance. The programme had been a significant driver of financial inclusion for rural women, but it can only be so transformative when credit is the primary factor that is powering the empowerment. The empirical and conceptual discussion indicate that the real question of policy is not how to make financial access more accessible to women but how to enable women to become a viable, scalable, and resilient enterprise. This would require a shift in the policy framework from a micro-credit-centric model to a more macro-enterprise-oriented model. And it would require NABARD to re-examine its role as a facilitator of group-based financial links for women-based rural enterprise ecosystems.

4.1 From Micro-Credit to Micro-Enterprise Support:

A key lesson that can be taken from this study is that credit is rarely enough to make sustained entrepreneurial growth. In many rural contexts, loans through SHGs are still important but largely protective in terms of smoothing consumption, emergency coping, debt substitution, and continuity of low-return activities. Such uses should not be discounted and support household resilience and the reduction of informal lenders. However, if public policy wants to put women in charge of rural entrepreneurship rather than as recipients of subsistence finance, then the policy framework must be more than loan-based and deal with the broader barriers to enterprise growth and expansion.

The first step is to integrate enterprise development services into the financial inclusion architecture. Women borrowers typically take on the role of self-employment without formal business knowledge, market insight, pricing knowledge, digital skills, or knowledge of value chain processes. As such, many enterprises are stuck in highly localized low-margin sectors with very low margin businesses and limited growth potential. NABARD's future strategy will need to focus on enterprise training that does not just focus on general skill development but also on business planning, bookkeeping, cost management, risk assessment, branding, packaging, digital payments, customer acquisition, and inventory management.

Such training should be sector-specific, localized, and ongoing rather than one-time or symbolic. The difference between a credit programme and an enterprise development programme is in whether women are willing to not only borrow but produce, compete, adapt, and scale.

Second priority is market linkage. One of the major challenges faced by women-led rural enterprises is not effort or initiative but a lack of remunerative and stable market access. Many SHG-based activities are the production of goods or services that are constrained to local markets and therefore have low turnover and low profitability. Rural women remain economically active but in a weak financial position without aggregation mechanisms, procurement networks, producer collectives, e-commerce channels, retail partnerships, or institutional buyers. NABARD can be very helpful in this direction by moving from credit-linked to market-based models. In this regard, this would involve producer groups, rural clusters, social enterprises, cooperatives, and federated marketing platforms that help women entrepreneurs to move up the value chain. Rather than treating enterprise as a household enterprise, policy must encourage collective commercialization, quality standardization, and regional branding.

Digital literacy is a third key element in the transition to microenterprise support. The rural entrepreneurial space is increasingly being shaped by digital payments, online marketplaces, mobile banking, social media marketing, and data-enabled credit assessment. But the majority of women SHG members remain disconnected from these opportunities due to low digital confidence, lack of device ownership, weak connectivity, and lack of training. If digital systems are growing while women entrepreneurs are still digitally dependent on male family members or intermediaries, financial inclusion has the potential to become a technologically mediated exclusion. Therefore, NABARD should take digital capability as a key entrepreneurial asset. This will include training in smartphone usage, online transactions, digital bookkeeping, UPI-based payments, online marketplaces and cyber-awareness. Digital literacy is not an optional thing for finance, it is very much a necessary thing for entrepreneurship, market participation, network integration, market linkages and financial independence. The fourth policy implication is that borrowers should be treated differently depending on the stage of their enterprise or their aspirations. The current SHG-BLP framework focuses on credit demand as a single point of view, while women borrowers are more diverse in nature. Some are in dire need of emergency cash, others need extra work to secure a more sustainable livelihood, and a small portion of them are entrepreneurial. Thus, growth-oriented policy-setting should shift toward a multi-tiered system and not treat microcredit models as a one-size-fits-all solution. Women at subsistence levels need financial security and social security while women with business ideas need bigger loans and incubation support, mentorship, product development and market linkages. Without recognizing this distinction, entrepreneurially inclined women will remain trapped in credit structures that were designed from the start for low-risk, small-scale businesses or small-scale trading.

4.2 Reimagining NABARD's Role: Beyond SHG-BLP Toward Rural Enterprise Ecosystems:

NABARD's engagement with SHG-BLP has been longstanding, but the current policy environment demands institutional evolution. The challenge now is not to abandon SHGs, but to leverage them as first-generation platforms and establish second-generation mechanisms for development-oriented rural startups. In this context, NABARD should shift from being a facilitator of financial linkages to an architect of the rural enterprise ecosystem. This will include entrepreneurship, incubation support, financing innovation, collaboration on clusters, and partnerships with digital and market players in order to get there. One of the key recommendations is to lay out a clear path from SHGs to full-fledged enterprises. Many women who are disciplined in loan repayment, credit servicing, and want to do business are stuck in the position of just SHG participants, and not just those in the SHG. Rather than the current model, NABARD needs to develop a framework that identifies mature SHG members or federations and allows them to rapidly develop into business owners. This could be to assess whether the enterprise is ready or not (needs-

based assistance), to provide larger and more flexible credit products, to provide credit guarantees, to give technical advice, or even to formalize their business as a company. Women would be able to go beyond financial participation in the collective and take ownership of their own or group enterprise. It is not to say that the development of women is not an end in itself but rather to move from being left behind to being able to reach the next level. NABARD should also take a more active role in rural startup incubation for women with an SHG background. In India, the conversation about startups is largely from the perspective of urban and technology-based, and often disconnected from the entrepreneurial opportunities of rural women. Rural startups should not be purely digital: agro-processing, local food systems, climate-resilient agriculture, non-timber forest products, rural services, handicrafts, sustainable textiles, livestock value chains, eco-tourism, healthcare services, and digital-enabled businesses. NABARD is best placed to identify specific locations in a region with a high potential for commercial projects and to launch incubation programs with training, seed capital support, market intelligence, and institutional support. These incubation programs should be based on local production systems and in line with women's mobility, time, and ownership rights. One of the key areas to reform is the design of credit instruments. If development-oriented entrepreneurship is to be encouraged, the financing provided by NABARD should be more tailored to the business cycles. Traditional micro-credit structures are just too small, with a need for recurring repayment, and little flexibility for businesses that need a gestation period, rotation of working capital, or investment in equipment and quality upgrades. NABARD can also help partner banks develop products and services that are tailored for women entrepreneurs, such as working capital loans, startup grants to develop new rural technologies, equipment financing, cash-flow-sensitive repayment schedules for businesses that are debt-heavy, or with debt and support-based incentive schemes. To help lenders make credit available to new business ideas when they do not have collateral, credit guarantees and partial risk-sharing mechanisms can be used to overcome this hesitation. The goal should be to shift the perspective on credit—to see that it is not only a debt obligation but rather a strategic venture capital. Institutional convergence is equally important. One of the major weaknesses of rural development policy is fragmentation of financial institutions, livelihood missions, agricultural departments, skill development agencies, digital inclusion programmes, and market systems. Women have to navigate these systems on their own, with limited time and institutional knowledge. NABARD can coordinate and build convergence platforms that include finance, enterprise training, market entry, and technology support. Partnerships with the National Rural Livelihoods Mission, Farmer Producer Organizations, rural business hubs, e-commerce partners, Krishi Vigyan Kendras, skill missions, and local universities can help to build a broader ecosystem of support. In high-impact policy terms, the issue is not only how much credit women receive, but whether institutions are synchronized around enterprise success.

4.3 Gender-Responsive Enterprise Policy:

Any policy shift that prioritizes rural startups and micro-enterprise support must be gender-responsive. One of the clearest findings of the literature is that women's entrepreneurial trajectories are not only influenced by money and markets but also unpaid care work, mobility restrictions, social norms, and limited ownership of assets. Hence, a growth-oriented enterprise policy that ignores these constraints risks reproducing exclusion in the language of entrepreneurship. NABARD's future interventions must understand that women cannot scale businesses if institutional design assumes they have the same time, freedom, and social legitimacy as male entrepreneurs.

This implies a number of policy changes. Training programmes must be available locally, planned in order to allow women's time and provide the space for them to work and also with support (child care facilities if possible). Enterprise schemes should encourage household and community sensitization to reduce resistance to women's mobility and decision-making. Financial products should be designed to cater for the fluctuating income structures that emerge with women's work and domestic responsibilities. Group enterprise models may be especially useful as they spread risk, reduce isolation, and create shared labour

models. At the same time, policy should not limit women to small-scale collective activities but should support those who have high growth potential individually as well.

A gender-responsive approach also requires recognizing women's ownership and control of enterprise assets. Often women are nominal borrowers, but assets, profits, or strategic decisions are determined by other household members. NABARD needs to have safeguards and monitoring indicators related to real control over enterprise use of loans, ownership registration, and income retention. Empowerment cannot be inferred just from female membership or loan receipt. It must be assessed in terms of substantive economic agency.

4.4 Building an Evidence-Based Framework for Enterprise Outcomes:

If NABARD is to switch from the SHG-BLP model, then it needs to re-evaluate its evaluation model. In the current system, success metrics will be based on outreach, group formation, bank linkages, loan volume and recovery rates. But these are not sufficient indicators to measure enterprise transformation. More sophisticated policy measures must address enterprise survival, business diversification, income growth, value addition, market expansion, asset creation, digital adoption, employment generation and women's control over profits. With no such indicators, programmes can still be seen as successful even when women are stuck in subsistence roles. This also calls for a better evidence architecture for what types of support actually help women cross the entrepreneurial threshold. NABARD should invest in pilot-based experimentation, impact assessments and region-specific enterprise models rather than standardizing credit expansion. Comparing enterprise incubation, cluster-based development, blended finance and digital market integration can help pinpoint scalable interventions. So a move from micro-credit to micro-enterprise support must necessarily be grounded in institutional learning, not just rhetorical repositioning.

5. Conclusion:

This research explores the transformative potential of the NABARD-supported Self-Help Group–Bank Linkage Programme (SHG-BLP) in the areas of women empowerment and rural entrepreneurship beyond financial inclusion and gender-based financial support. It shows that although SHG-BLP has been able to increase access to formal finance, saving behavior and social participation of women, it is structurally limited in terms of sustained, growth-oriented entrepreneurial outcomes in the long run. One of the most important contributions of this research is to highlight the structural disconnect between access to credit and enterprise development. Thus, the “entrepreneurial threshold” is a way of understanding that credit is more often a way to cope with the problems rather than an instrument to change the face of the economy. Borrowed capital is primarily used to smooth consumption, for example, debt servicing, low-return activities and to make money without other factors (market access, enterprise skills, institutional support, and autonomy of decision-making). This is consistent with the argument that financial inclusion alone does not lead to real empowerment. Empowerment is also a multi-layered, non-linear process that is mediated through psychological and structural factors, this study shows. Financial confidence is a crucial link between SHG participation and entrepreneurial ambition, but how well that relationship is translated to actual enterprise results depends on socio-economic circumstances. At the same time, gendered constraints, particularly the “double burden” of unpaid domestic work, are preventing women from taking their businesses to scale-up and sustain them, so there are a lot of stories of empowerment which are based on participation. From an institutional perspective, we have found that NABARD's developmental credit architecture can lead to long-term empowerment through collective organization and social intermediation. But these advantages are underappreciated and credit, skill development and market linkages are weak. As a result, the programme is better for inclusion as an instrument rather than an enterprise-led transition. Based on the findings of this study, the research calls for a paradigm shift from microcredit-oriented to a holistic rural enterprise development strategy. And SHG-BLP will be a platform for capability building, market integration, and institutional convergence based on gender-responsive

policies and credit systems that are more tailored to enterprise life cycles. So it is essential for women not only to be part of financial systems as borrowers but also business agents and entrepreneurs. The SHG-BLP's transformative potential is not limited to credit expansion alone; it's also in an ecosystem that addresses structural inequalities, builds entrepreneurial skills and reimagines institutional support mechanisms. If microfinance is integrated into this wider development agenda, it can move from financial access to real socio-economic change and inclusive growth.

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