

7 - 9 August 2026

Stockholm , Sweden

The Impact of Self-Help Groups on Rural Female Entrepreneurship Across Indian States and Union Territories

Saanvi Gupta*Greenwood High International, India*

Abstract

Self-Help Groups (SHGs) have become a major rural development policy in India, aiming to improve women's access to credit, savings, networks and livelihood opportunities. This study is designed to investigate the impact of SHGs promotion on rural female self-employment in India during 2018-2024. The study employs secondary quantitative panel data, with female self-employment as the dependent variable while the independent variables are SHG promotion, rural female education, women's LFPR, wage gap, female unemployment and SGDP. Multicollinearity of variables was checked through the correlation test, Hausman test was used to decide between fixed and random effects, and FGLS regression was used after detecting heteroscedasticity. The regression analysis indicates that there is no significant relationship between SHG promotion and female entrepreneurship in rural areas. Rural female education had a positive significant coefficient of 1.507, indicating that education strongly supports female self-employment. The coefficient for LFPR was negative and significant (-0.280) indicating that wider labour force participation is not necessarily linked to higher levels of self-employment. The coefficient for the wage gap was positive and significant with a value of 3.034, suggesting that unequal wage opportunities may push women into self-employment. The negative relationships of unemployment and SGDP with female self-employment suggest that poor labour markets and unequal economic growth can limit women's capacity to maintain enterprise activity. Thus, policy should focus on promoting SHGs while also enhancing their capabilities through awareness creation, financial literacy, entrepreneurship development training, market linkages, wage equalization provisions, and region-specific employment support.

Keywords: SHG, female education, entrepreneurship, rural women, FGLS, India