

The Dual Engine of Empowerment: Assessing the Socio-Economic Impact of SHGs and MFIs in Sahibganj, Jharkhand.

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ABSTRACT

The study evaluates the socio-economic transformation of Sahibganj, a riverine district in Jharkhand, India; driven by the collaborative “dual engine” of Self-Help Groups (SHGs) and Microfinance Institutions (MFIs). Historically marginalized by geographic isolation and limited formal banking access, Sahibganj has evolved into a robust institutional network supporting 12,559 SHGs as of 2026. Utilizing a descriptive-analytical research design, this study synthesizes secondary data derived from National Rural Livelihood Mission (NRLM) reports, Sa-Dhan Bharat Microfinance Reports, and the Jharkhand Economic Survey for the 2019–2026 period to assess the socio-economic influence of micro-credit interventions on marginalized population. The findings reveal a robust 75.6% growth in SHGs mobilization between 2019 and 2026, characterized by high social inclusivity; nearly 64% of groups comprise historically underserved categories. Economically, the shift from “survival loans” to productive asset creation strengthened by a ₹44.29 Cr Community Investment Fund (CIF) has reduced the number of “zero-income” women from 42.85% to 2.85%. Socially, the “Bank Sakhi” model and participation in Producer Groups have elevated women into leadership roles, with bank advances to women tripling the national benchmark. Despite these strides, a low Credit-Deposit (CD) ratio of 38.37% and rural infrastructure gaps suggest that while institutional saturation has been achieved, formal banking absorption remains a challenge. The study is primarily limited by its total reliance on secondary institutional datasets, which may contain reporting lags and do not capture granular, qualitative household-level nuances. The study concludes that Sahibganj has successfully transitioned to a mature phase of responsible lending, where high financial discipline evidenced by a low 0.76% Non-Performing asset (NPA) ratio marks the emergence of rural women as professional-grade economic stakeholders. However, future sustainability depends on transitioning toward macro-enterprise and climate-resilient livelihoods.

Keywords: Self-Help Groups (SHGs), Microfinance Institutions (MFIs), Financial Inclusion, Women's Empowerment, Rural Entrepreneurship.

INTRODUCTION

In the riverside villages of Sahibganj, a quiet revolution is unfolding, not led by politicians or industrialists, but by women with small passbooks and big dreams. In a state like Jharkhand, which is famous for its vast mineral wealth but still struggles with deep poverty, Sahibganj has become a testing ground for a new kind of success. Tucked between the flowing Ganges and the rugged Rajmahal Hills, this district is home to the Santhal tribes and Mal Paharia communities who were once considered “unbankable” by big financial institutions. For years, geography was destiny here; frequent floods and a lack of paved roads meant that formal banks were miles away, leaving families at the mercy of local moneylenders.

Today, that old story is changing thanks to a “dual engine” of growth: Self-Help Groups (SHGs) and Microfinance Institutions (MFIs). The SHG model, powered by the National Rural Livelihood Mission

(NRLM), brings together neighbors to save and support one another. These groups provide the foundation, while MFIs provide the “credit fuel” needed to launch small businesses. Recent empirical analysis in Jharkhand confirms that women associated with both SHGs and MFIs exhibit superior entrepreneurial performance in terms of profitability and job creation compared to those linked with only one institution (Parween, 2026). Furthermore, studies on the SHG-Bank Linkage Program in Jharkhand illustrate that the collective spirit within these groups fosters the financial discipline necessary to bridge the gap between marginalized communities and formal banking (Kumari, 2024).

According to the Sa-Dhan Bharat Microfinance Report 2025, Sahibganj is now a bustling financial hub with 24 active institutions, ensuring that even the most remote home has access to capital without needing property as collateral. This transformation is about much more than just loans; it is about bringing the bank to the doorstep of the rural poor. The Jharkhand Economic Survey 2024-25 highlights a massive leap in infrastructure, with 83,366 Banking Correspondents (known locally as “Bank Sakhis”) and thousands of ATMs now operating statewide. Specific case studies from the Ratu block of Ranchi demonstrate the real-world impact of state-led initiatives, such as the Mukhyamantri Maiya Samman Yojana and the Tejaswini Rural Women Empowerment Programme, which have successfully linked millions of women to Sakhi Mandals to generate new livelihoods (Rohit & Kumari, 2026; Parween, 2024).

Since 95% of microfinance borrowers are women, they have moved from the sidelines to the center of their family's economic life. From owning livestock to selling local “Palash” brand honey, these women are turning small credits into lasting assets. However, the journey is now entering a more mature phase. While earlier reports showed a rush of new borrowers, recent data reveal a shift toward “responsible lending” ensuring families do not take on more than they can repay. Simultaneously, NRLM has organized over 1.03 lakh women into Producer Groups, helping them move from simple survival to collective business power. Even with these strides, reaching every “last mile” in this riverine district remains a challenge. This study explores how microfinance has sparked a new beginning in Sahibganj, asking if the rise in available credit has truly improved the quality of life for the families living in the shadows of the Rajmahal Hills.

CONCEPTUAL FRAMEWORK

The conceptual framework of this study is built upon the Synergistic Empowerment Theory, which suggests that socio-economic growth in tribal landscapes like Sahibganj is not the result of a single intervention, but the “Dual Engine” interaction of social mobilization and financial scaling.

The SHG Engine (Social & Human Capital): This serves as the foundational layer. Based on the “Power of We,” SHGs focus on building social capital through trust-based internal lending and capacity building. As noted in recent Jharkhand-based research, this stage is critical for developing financial literacy and “psychological empowerment” among tribal women before they engage with larger credit markets.

The MFI Engine (Financial & Growth Capital): Once the foundation of discipline is established, MFIs provide the “Growth Capital.” These loans are typically larger and targeted toward productive asset creation (e.g., livestock, small-scale manufacturing). This engine enables the transition from “subsistence” to “entrepreneurship.”

Institutional Synergy: The framework posits that while SHGs provide the safety net and social inclusivity, MFIs provide the scale. The convergence of these two supported by government schemes like Jharkhand State Livelihood Promotion Society (JSLPS) and the Bank Sakhi model creates a virtuous cycle of income generation.

Measurable Outcomes: The success of this dual-engine approach is evaluated through three key dimensions:
Economic: Reduction in “zero-income” households and asset accumulation.

Social: Increased decision-making power and leadership roles within the community.

Institutional: Effective “Last-Mile” delivery of financial services in geographically isolated areas.

SHG-Bank Linkage Framework

The SHG-Bank Linkage Programme (SHG-BLP) was established by NABARD in 1992, following a successful five-year pilot phase, to bridge the gap between formal financial institutions and the “unbankable” rural poor without requiring collateral. In Jharkhand, this initiative has flourished under the Jharkhand State Livelihood Promotion Society (JSLPS), which has successfully integrated over 3.62 lakh SHGs into the formal banking system as of early 2026. The program has evolved from simple savings habits to active credit participation, with nearly 67% of groups now mapped for bank loans and maintaining a remarkably low NPA ratio of less than 1% in areas like Sahibganj. This success is largely attributed to the “Bank Sakhi” model where trained local women act as financial intermediaries and the digital modernization of records through NABARD’s e-Shakti initiative, effectively turning small savings groups into a sustainable pipeline for rural entrepreneurship.

Sahibganj District: At a Glance

Sahibganj district is administratively organized into nine Community Development Blocks: Sahibganj, Mandro, Borio, Barhait, Taljhari, Rajmahal, Udhwa, Pathna and Barharwa, which are managed under the Sahibganj and Rajmahal subdivisions. According to the 2011 Census, the district is home to 1,150,567 people (589,391 males and 561,176 females) with a relatively high population density of 558 persons per sq. km. The demographic landscape is characterized by a significant tribal presence, with Scheduled Tribes, primarily Santhals and Mal Paharias, making up 26.8% of the population, while Scheduled Castes account for 6.29%. While the district maintains a healthy overall sex ratio of 952 (rising to 960 for children aged 0-6), challenges remain in education; the 2011 literacy rate stood at 52.04%, with a notable gap between male (60.34%) and female (43.31%) literacy, though recent state estimates indicate a positive trend pushing overall literacy toward the 60-62% range (District census handbook 2011).

Statement of the Problem

Despite a rapid 75.6% growth in SHG mobilization and a 94% success rate in Pradhanmantri Jandhan Yojna (PMJDY) account targets in Sahibganj, a critical disconnect persists between institutional saturation and actual economic empowerment (Jharkhand Economic Survey). While rural women demonstrate high financial discipline with a low 0.76% Non-Performing Asset (NPA) ratio, the local Credit-Deposit (CD) ratio remains stagnant at 38.37%, far below the Reserve Bank of India’s (RBI’s) 60% benchmark (Sa-Dhan Report). This “credit gap” is exacerbated by severe infrastructure bottlenecks, where only 14% of ATMs serve rural areas, forcing an over-reliance on BC Sakhis to navigate the district's challenging riverine geography. Consequently, a significant “Mapping Gap” has emerged: while savings mobilization is high, there is a failure to transition from “risk-buffering” survival tactics to “productive asset creation” (Sagar & Gangwar, 2026). Furthermore, women in rural Jharkhand face a “double burden” of declining female labor force participation and limited access to non-farm livelihoods (Parween, 2024). The problem is no longer just “access to credit,” but the “Credit Absorption Capacity” of rural households. Without a “dual engine” approach where SHGs provide social capital and MFIs provide the financial scale marginalized families remain trapped in a cycle of small-scale subsistence rather than moving toward sustainable micro-entrepreneurship (Parween, 2026).

LITERATURE REVIEW

Pradeep & Rai (2016): Traces the development of Self-Help Groups (SHGs) from the foundational Grameen Bank model to their current integration within India’s socio-economic framework via NABARD and various NGOs. The review identifies these groups as vital instruments for poverty alleviation, utilizing “collateral-free” credit and domestic savings to bridge financial gaps for the marginalized. Beyond economic utility, the literature emphasizes that participation builds significant “social capital,” which enhances women’s self-esteem and increases their decision-making power within traditional patriarchal structures. By leveraging collective action and government synergy, the study frames SHGs not merely as financial entities, but as transformative vehicles for social justice and political empowerment.

Sultana et al. (2017): Identified the SHG-based microfinance model as a pivotal mechanism for transitioning women from “invisible” informal workers into self-reliant entrepreneurs. Drawing on foundational theories from Mayoux (2000) and Kabeer (2005), the study argues that empowerment is not an automatic byproduct of credit access but requires a deliberate challenge to restrictive social norms (Mayoux (2000), Kabeer (2005)). This is framed as particularly critical for marginalized groups, such as the Indian Muslim community, which reports from the Sachar and Gopal Singh Committees identify as severely disenfranchised. While noting that microfinance serves as an alternative to exploitative debt, the literature cautions against the “nightmare” of institutional over-reach and increased “dual-burden” stress. Ultimately, the researchers conclude that the most significant impact of these interventions lies in fostering social agency and cognitive empowerment rather than purely economic metrics.

Khan et al. (2023): Critiqued the traditional reliance on narrow economic metrics, advocating instead for a multidimensional analysis of women's empowerment across economic, social, political, and psychological domains. Through a synthesis of existing research, the authors found that while microfinance generally improves income, its impact is often moderated by external factors such as education and marital status.

The study highlights significant contradictions in the literature, noting that social and political gains from SHG participation are frequently limited by societal interferences and domestic constraints. Psychologically, the authors argue the evidence remains inconclusive, as increased self-confidence is often offset by debt-related stress and “dual burden” workloads. Ultimately, the authors identify a critical methodological gap, noting that prior studies often lack valid, context-specific measurement scales and appropriate control groups, which justifies their own use of a quasi-experimental “pipeline approach” in the Kashmir Valley.

Mahalakshmi (2024): Identified microfinance as a “dual-engine” for economic growth and social empowerment, specifically through the stimulation of small-scale enterprises and employment opportunities. Beyond mere income enhancement, the study positions these institutions as catalysts for broader societal shifts, including improved literacy, heightened political participation, and increased gender equity. However, the scholarly review highlights significant regional disparities, noting that the benefits of the SHG-Bank Linkage model remain disproportionately concentrated in Southern India. Drawing on the critical lessons of the Andhra Pradesh crisis, the authors warn of sustainability risks associated with over-indebtedness and unethical recovery practices. Ultimately, the research concludes that the long-term success of microfinance hinges on a strategic balance between financial profitability and social welfare objectives.

Muyal et al. (2025): Identified that the sustainability of Indian SHGs is often compromised by high dormancy rates stemming from a lack of motivation and inadequate institutional follow-up. To counter these systemic issues, the literature advocates for a “bottom-up” participatory video (PV) approach, utilizing it as a socio-constructivist tool for community-led documentation. The study emphasizes that the primary value of PV lies in social empowerment specifically enhanced self-esteem and critical awareness rather than mere technical skill acquisition. However, the researchers note a significant gap in agricultural extension adoption due to a lack of robust evaluation frameworks. Ultimately, the authors argue for a new research direction that integrates both outcome and process criteria to accurately measure the impact of participatory interventions on trust and collective engagement.

Tripathi et al. (2025): Investigates Indian Self-Help Groups (SHGs) as multi-dimensional platforms for economic security and political engagement. The literature reveals a “double-edged sword” effect; while group participation catalyzes local leadership, the pressure of financial inclusion can paradoxically lead to increased debt-stress.

Beyond simple microfinance, the review highlights that “transformative” empowerment moving past instrumental service delivery requires layering health and legal rights onto existing credit models. The findings emphasize that while SHGs act as powerful vehicles for individual agency, true social equity remains limited by intersectional barriers of caste and class. Ultimately, the synthesis concludes that systemic gender

transformation is only possible when policy shifts engage men to challenge patriarchal household norms and transition the focus from mere financial access to holistic social reform.

Sagar & Gangwar (2026): Positioned microfinance in rural Uttar Pradesh as a vital but conditional development tool that requires a “credit-plus” framework to be truly effective. While national trends show a successful scaling of the SHG-Bank Linkage Programme with low default rates, the authors identify a significant “mapping gap” in UP, where only 26.64% of SHGs have transitioned from savings to formal credit. The study highlights that while microfinance excels at risk buffering and fostering women’s agency, its ability to drive productive investment is often hindered by credit absorption barriers. Ultimately, the researchers argue for a policy shift toward a “graduated exit pipeline” that prioritizes cluster-based enterprises and asset creation to move households beyond mere survival.

Research Gap

While past studies show that microfinance helps women gain confidence and challenge social norms (Pradeep & Rai, 2016; Sultana et al., 2017; Khan et al., 2020), there is still a major gap in understanding how this works in the remote parts of Jharkhand. Most research looks at either Self-Help Groups (SHGs) or Microfinance Institutions (MFIs) separately (Kumari, 2024), but we lack information on how these two can work together as a “Dual Engine” to help a borrower move from just surviving to starting a real business (Parween, 2026). This is especially true for the Geographic-Tribal Specificity Gap in districts like Sahibganj. While some studies focus on developed areas like Ranchi (Rohit & Kumari, 2026), they ignore the “last-mile” challenges in hilly and riverine areas where tribal culture deeply affects how people use credit. Additionally, although experts suggest that “credit-plus” services like digital marketing are necessary (Muyal et al., 2025), we don't yet know if government programs like JSLPS or the Maiyan Samman Yojana are actually helping tribal members gain the technical skills needed to permanently escape poverty (Sagar & Gangwar, 2026). This study fills these gaps by looking at how the 64% of tribal and minority groups in Sahibganj are moving away from small “survival loans” toward larger collective projects like Farmer Producer Organizations (FPOs).

Objectives of the Study

- To evaluate the growth and outreach of SHGs in Sahibganj, Jharkhand.
- To analyze the impact of micro-credit on the economic status (income, assets) of rural households in the district of Sahibganj.
- To assess the social changes (decision-making, mobility) among women after joining SHGs in Sahibganj.

RESEARCH METHODOLOGY

Research Design

This study adopts a descriptive and analytical research design to evaluate the impact of micro-credit interventions in Sahibganj, Jharkhand, India. This design was selected to allow for a comprehensive examination of existing trends while providing an analytical interpretation of how institutional growth correlates with social empowerment.

Data Collection and Sources

The research is primarily based on longitudinal secondary data covering the period from 2019 to 2026. Data was triangulated from the following credible sources to ensure reliability:

National Rural Livelihood Mission (NRLM) Reports: Used to track SHG formation and expansion, SHGs social category, bank linkage, and capitalization through the Community Investment Fund (CIF) and Revolving Fund (RF).

Sa-Dhan Bharat Microfinance Reports: Utilized to analyze the penetration of Microfinance Institutions (MFIs) and loan portfolio health.

Jharkhand Economic Surveys: Accessed for district-specific macroeconomic indicators and poverty alleviation metrics.

District Census Statistics: Used for baseline demographic data on Santhal and Mal Paharia tribal populations.

Measurement of Variables

To quantify socio-economic growth, the study tracks the following key variables:

Economic Indicators: Measured by the shift in borrower profiles from “consumption-linked” to “asset-creation” loans and the reduction in the percentage of “zero-income” participants.

Institutional Density: Measured by the total number of SHGs mobilized and the percentage of social inclusivity (representation of SC/ST categories).

Financial Inclusion: Measured through the Credit-Deposit (CD) Ratio and the number of active “Bank Sakhis” providing last-mile services.

Analytical Techniques

The study employs a combination of quantitative and qualitative analytical methods:

Trend Analysis: Used to measure the 75.6% growth trajectory of SHGs over the seven-year study period (2019-2026).

Comparative Assessment: A “before and after” comparison was conducted regarding income levels (reducing zero-income status from 42.85% to 2.85%) to evaluate the efficacy of the Community Investment Fund.

Qualitative Synthesis: Although the study relies on secondary data, a thematic synthesis was applied to programmatic reports to identify “social capital” outcomes. This involved analyzing case studies of the “Bank Sakhi” model to understand the qualitative shift in women's agency and community leadership.

Data Analysis

SHGs Social Category: From table 1, the social composition of 12,559 Self-Help Groups (SHGs) in Sahibganj reveals a highly inclusive mobilization strategy, with a dominant 63.6% of groups belonging to historically marginalized communities. The Others (OBC/General) category represents the largest share at 36.5% (4,578 groups), closely followed by Schedule Tribes, who constitute exactly one-third of the total at 33.3% (4,185 groups). Minority communities also show substantial engagement, accounting for 23.7% (2,972 groups) of the institutional structure, while Schedule Castes comprise 6.6% (824 groups). This distribution, as detailed in the summary table, underscores a significant focus on social equity, ensuring that nearly two-thirds of the district's SHG network is composed of ST, SC, and Minority members as shown in figure 1.

Table 1: SHGs Social Category

Social Category	Number of SHGs
Schedule Tribe	4185
Schedule Caste	824
Minorities	2972
Others (OBC/General)	4578
Total	12559

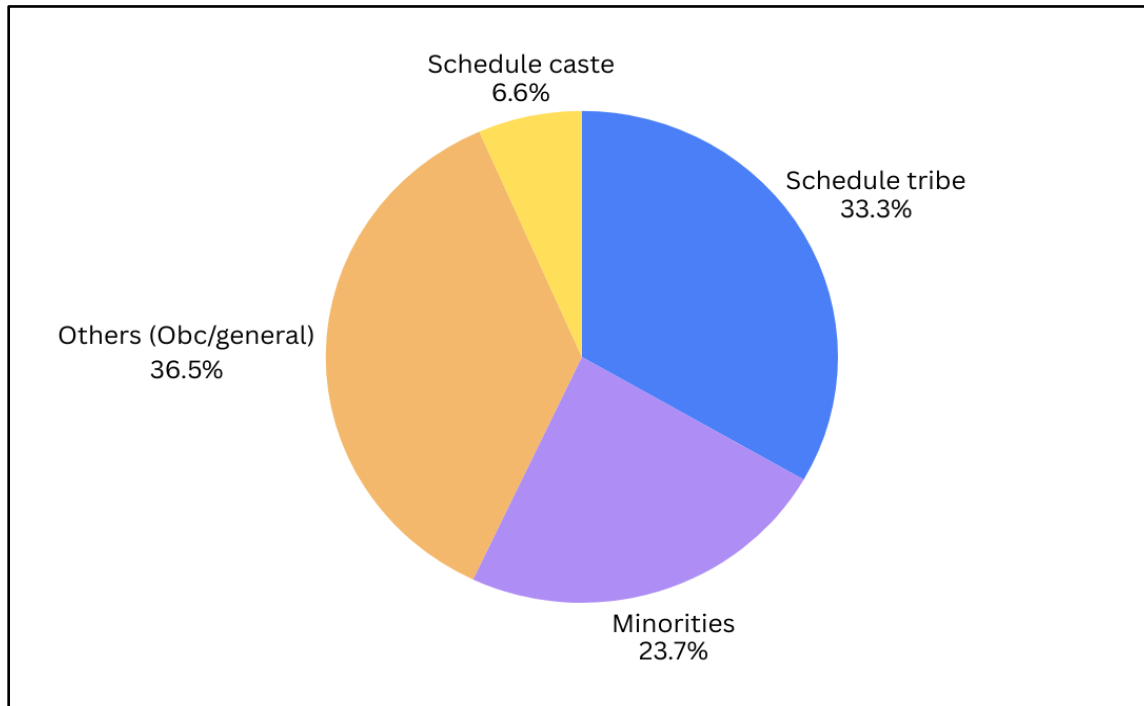


Figure 1: Percentage Distribution of SHGs by Social category

SHGs Member Social Category: Table 2 shows the membership data for the 1,29,762 individuals across nine blocks of Sahibganj revealing a diverse socio-economic landscape where participation is heavily influenced by regional demographics. High-volume blocks like Barharwa (20,142) and Udhwa (19,208) lead the district, driven largely by significant Minority and Other category participation. Conversely, Scheduled Tribe (ST) members form the backbone of the program in blocks such as Borio (8,270), Barhait (8,086), and Taljhari (7,073), representing the district’s primary corridors for tribal empowerment. While Scheduled Caste (SC) representation is generally lower, it peaks notably in Barharwa (4,034). Additionally, the district demonstrates a commitment to inclusivity with 893 PWD members, led by Barhait (250). Overall, the program shows a 75.6% growth rate in group formation, effectively tailoring its reach to the specific demographic strongholds of each administrative block as shown in figure 2.

Table 2: SHGs member social category

Block Name	SC	ST	Minority	Others	Total
Barhait	1664	8086	2155	4104	16009
Barharwa	4034	1872	8910	5326	20142
Borio	654	8270	1416	3286	13626
Mandro	758	5457	1424	2905	10544
Pathna	1018	7008	1363	3194	12583
Rajmahal	848	954	4345	9410	15557
Sahibganj	967	976	1922	6439	10304
Taljhari	779	7073	909	3028	11789
Udhwa	776	781	9223	8428	19208

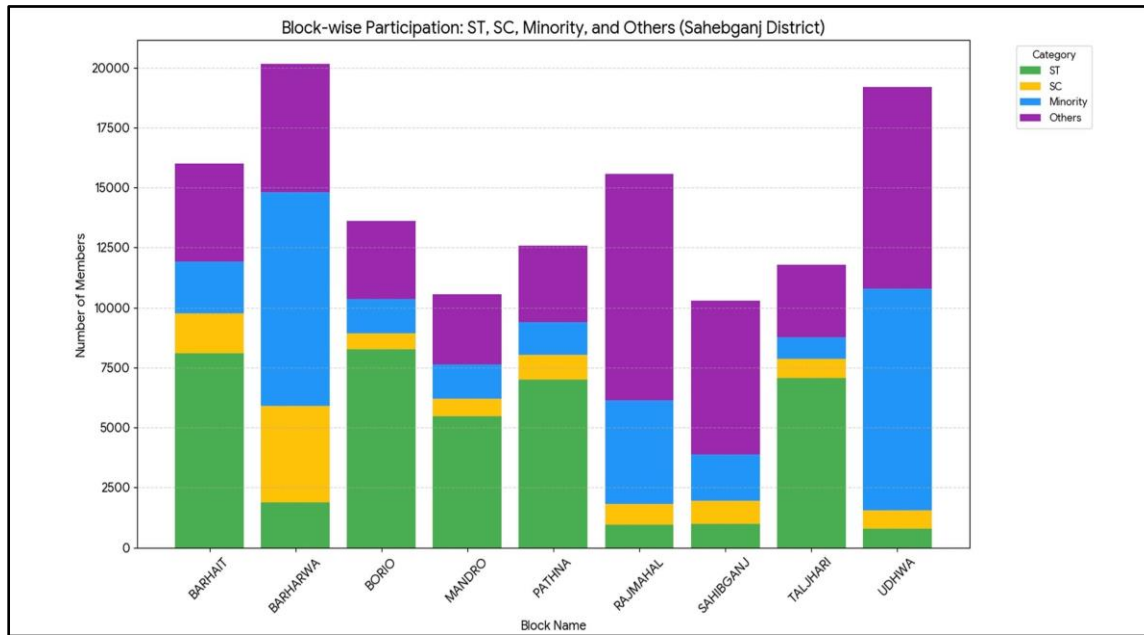


Figure 2: Block-wise Participation of Members by Social Category in Sahebganj

SHG Expansion and Institutional Growth (2019–2026): Table 3 shows the longitudinal growth of Self-Help Groups (SHGs) across Sahibganj’s nine blocks from 2019-20 to 2025-26 revealing a consistent district-wide expansion, characterized by a sharp acceleration phase between 2022 and 2024. Barharwa emerged as the lead performer, achieving the highest cumulative total of approximately 1,880 groups, followed closely by Udhwa (1,780) and Barhait (1,620), despite Barhait receiving higher relative funding. While most regions showed aggressive upward trajectories, blocks like Sahibganj and Mandro maintained a steadier, shallower growth curve, concluding the period with fewer than 1,000 units each. This diverging momentum suggests that while community mobilization was successful across the board, the intensity of institutional building varied significantly, likely influenced by localized interventions and varying allocation strategies per block as shown in figure 3.

Table 3: SHG Expansion and Institutional Growth (2019–2026)

Block Name	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Barhait	863	1014	1125	1254	1502	1542	1617
Barharwa	825	924	1075	1180	1474	1706	1883
Borio	790	969	1017	1178	1284	1344	1400
Mandro	682	690	735	792	874	910	1000
Pathna	587	643	749	885	1070	1133	1274
Rajmahal	924	941	964	1070	1272	1333	1440
Sahibganj	642	669	703	804	873	912	939
Taljhari	888	927	968	1022	1050	1103	1233
Udhwa	951	1139	1219	1479	1646	1693	1773
Total	7152	7916	8555	9664	11045	11676	12559

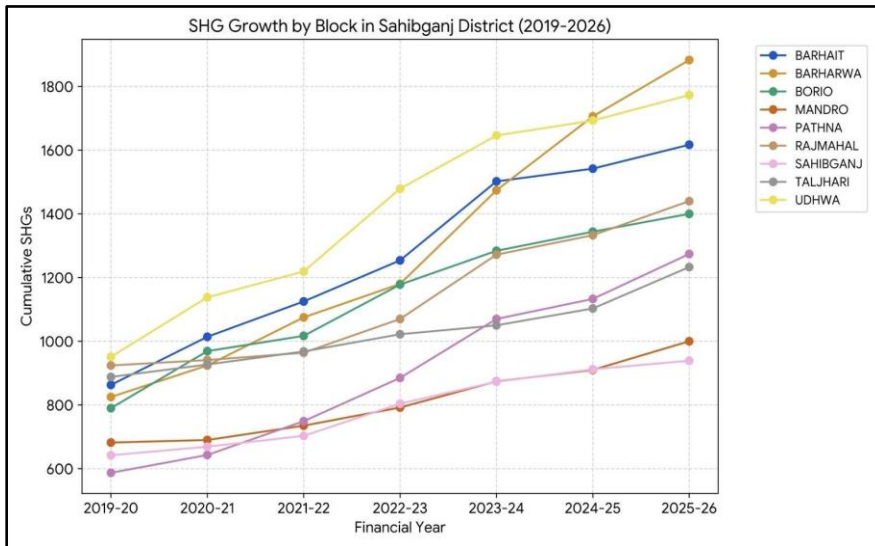


Figure 3: Cumulative Growth of Self-Help Groups (SHGs) by Blocks in Sahibganj District (2019-26)

Aggregate District-Level SHG Mobilization (2019–2026): From table 3, the aggregate growth of Self-Help Groups (SHGs) in Sahibganj from 2019-20 to 2025-26 demonstrates a robust and uninterrupted expansion, with the total volume increasing from 7,152 to 12,559 units. This represents a substantial overall growth of 75.6%, driven by the net formation of 5,407 new groups over the seven-year period. A notable acceleration occurred between 2022 and 2024, peaking with a record annual addition of 1,381 groups in the 2023-24 fiscal year. Following this surge, the district maintained steady momentum, adding nearly 1,000 groups annually and signaling a sustainable “maintenance and expansion” phase as shown in figure 4.

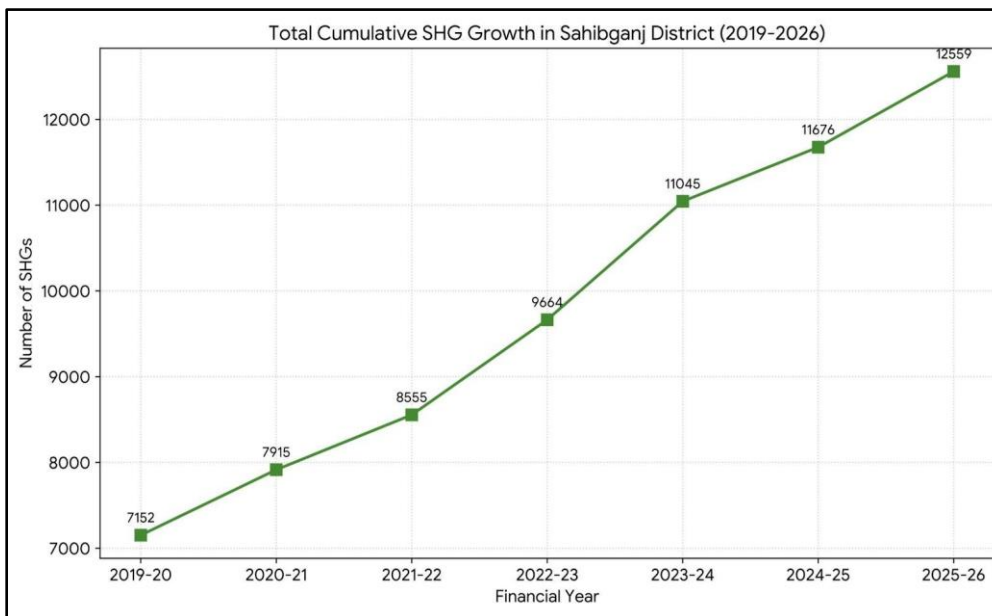


Figure 4: Total Cumulative SHGs Growth in Sahibganj District (2019-2026)

Block-wise Financial Allocation (2019–2026): Table 4 Shows that the financial distribution across Sahibganj from 2019 to 2026 demonstrates a consistent prioritization of the Community Investment Fund (CIF) over the Revolving Fund (RF), with total allocations reaching ₹44.29 Cr and ₹16.29 Cr respectively. Barhait leads the district with the highest total disbursement (₹7.25 Cr CIF and ₹2.61 Cr RF), followed by Udhwa and Barharwa, while Sahibganj and Mandro represent the lower tier of funding. Across the district, the CIF is approximately 172% higher than the RF, reflecting a clear strategic preference for larger community investment grants over revolving credit. This descending distribution, where the top-performing block received over three times the RF of the lowest-performing block, suggests that funding is indexed to block-

specific metrics such as SHG density or localized poverty indices. This deep penetration into the rural landscape provides a massive institutional foundation for scaling financial interventions, such as Community Investment Funds (CIF) and Revolving Funds (RF), across the district as shown in figure 5.

Table 4: Block-wise Financial Allocation (2019–2026)

Block Name	RF Amount (Rs)	CIF Amount (Rs)
Barhait	26055000	72547000
Barharwa	25230000	6152000
Borio	21675000	58365000
Mandro	10350000	44425000
Pathna	16875000	46093000
Rajmahal	15765000	56083000
Sahibganj	8160000	42100000
Taljhari	14550000	46750000
Udhwa	24240000	66965000

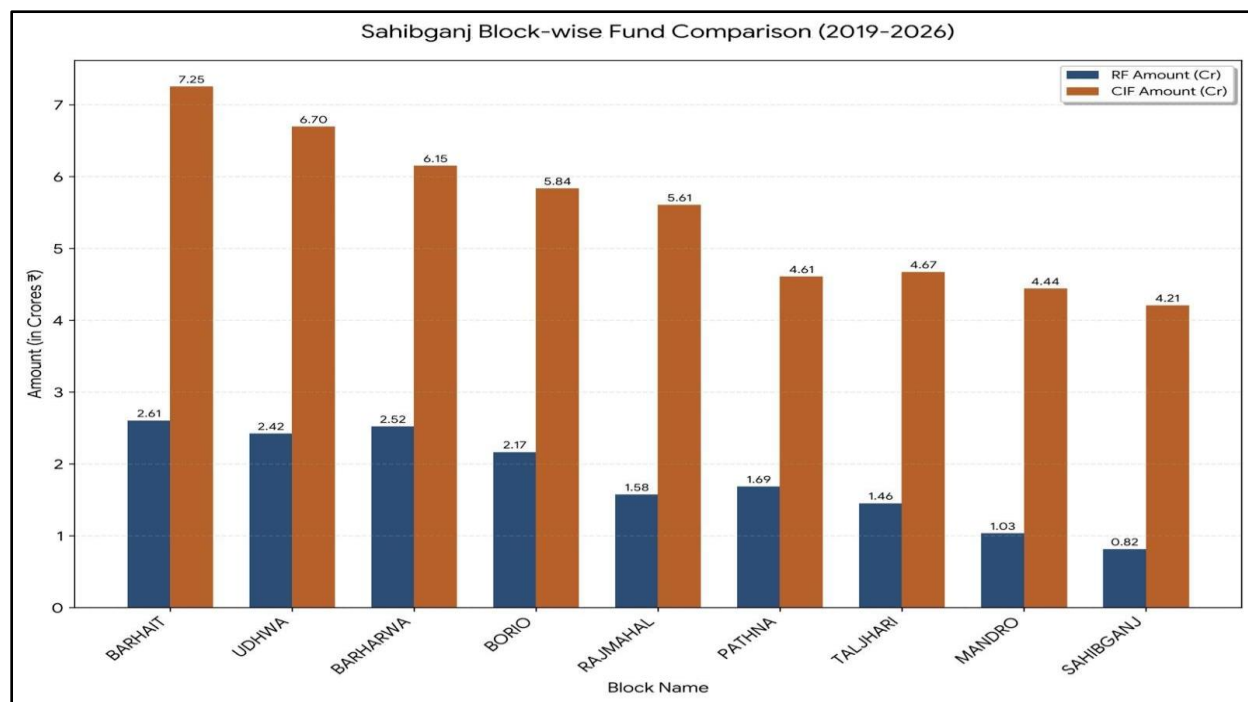


Figure 5: Sahibganj Block wise Fund Comparison (2019-26)

Non-Performing Assets Against SHGs:

From table 5, the total NPA amount in Sahebganj district has seen a significant upward trend over the last four financial years, rising from 63.50 Lakh in FY 2022-23 to a peak of 177.59 Lakh in FY 2024-25, before slightly stabilizing at 166.41 Lakh in FY 2025-26. While blocks like Mandro have experienced a sharp surge in defaults (climbing to 67.53 Lakh), others like Pathna and Barhait have shown remarkable recovery in the latest reporting period. Despite the increase in absolute NPA value, the district's overall credit health remains

relatively stable at a 0.76% NPA ratio, as the total loan portfolio has simultaneously expanded from approximately 8,667 Lakh to over 21,963 Lakh as shown in figure 6.

Table 5: Year-wise Comparison of Outstanding Loans and Non-Performing Assets (NPA) (FY-2022-26)

Financial year	Outstanding account	Outstanding amount (in lakh)	NPA account	NPA amount (in lakh)	NPA % (By Amt)
2022-23	6642	8667.90	73	63.50	0.73%
2023-24	7275	13374.03	126	143.67	1.07%
2024-25	8039	18244.38	121	177.59	0.97%
2025-26	8532	21963.20	126	166.41	0.76%

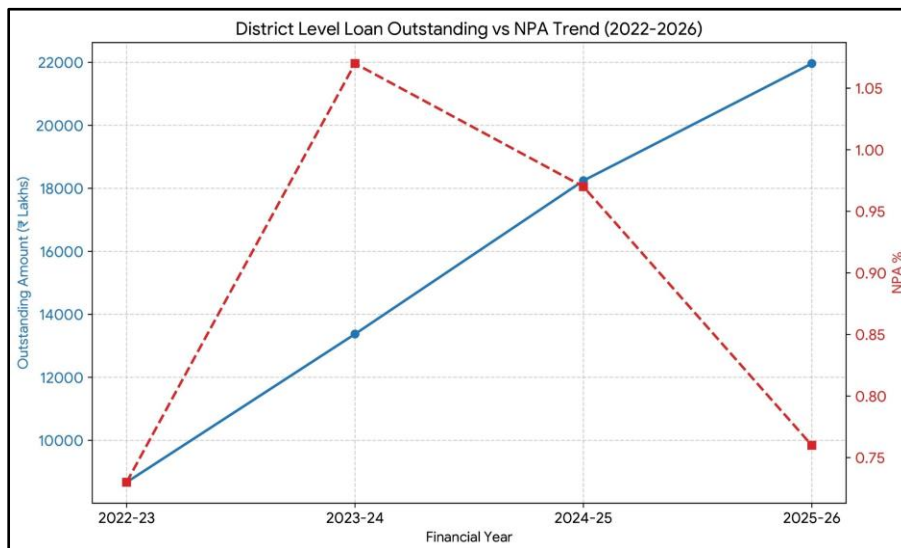


Figure 6: District level loan Outstanding Vs NPA Trend (2022-2026)

Jharkhand Economic Surveys Report (2023–25)

Growth and Outreach of SHGs: The surveys reveal a paradoxical landscape of high institutional effort but low credit absorption in Sahibganj.

Institutional Saturation: Sahibganj is a focal point of the Targeted Financial Inclusion Intervention Programme (TFIIP), achieving a 94% success rate in PMJDY account targets. The district hosts 84 bank branches, with Public Sector Banks (PSBs) driving 64% of the outreach.

Infrastructure Gap: Despite the growth, rural infrastructure remains a bottleneck; only 42% of bank branches in the state are rural, and only 14% of ATMs are accessible in these areas. This has led to a heavy reliance on Banking Correspondents (BCs), which doubled in the region to over 83,000 by 2024.

The “Laggard” Challenge: While SHG formation is robust (part of the 2.91 lakh groups statewide), Sahibganj’s Credit-Deposit (CD) Ratio stands at 38.37%. This is significantly below the 60% RBI benchmark, suggesting that while SHGs are being formed and outreached, the formal banking system is not yet fully absorbing their credit potential.

Impact of Micro-credit on Economic Status (Income, Assets): Micro-credit has shifted from a survival tool to an enterprise-building mechanism in the district.

Shift to MSME and Agriculture: State-wide credit to MSMEs (where most SHG enterprises operate) surged by 42% in a single year. However, Sahibganj achieved less than 70% of its Agricultural Credit Plan (ACP) targets, highlighting that SHGs are likely filling a critical gap where formal agricultural loans fail to reach.

Income Transformation: Comparative data shows a drastic reduction in “zero-income” women dropping from 42.85% to 2.85% post-SHG intervention. In Sahibganj, this is strengthened by diversified livelihoods like Lac cultivation and livestock, with community-led businesses generating crores in turnover.

Asset Creation: The synergy between SHG savings and government schemes is evident; Jharkhand’s 97.86% completion rate for rural housing Pradhan Mantri Awaas Yojna- Gramin (PMAY-G) far exceeds the national average, indicating that micro-credit is often used to supplement asset building.

Social Changes (Decision-making, Mobility) Among Women: The surveys categorize financial inclusion not just as an economic metric, but as a tool for “Social Recognition.”

Financial Autonomy: The share of bank advances specifically to women reached 14.7% in 2024 (nearly triple the 5% benchmark). This fiscal visibility directly correlates with increased household decision-making power.

Leadership and Collective Power: The transition of women from individual borrowers to stakeholders in 45 Farmer Producer Organizations (FPOs) and over 2,500 Producer Groups has enhanced their social mobility. In Sahibganj, women are now managing specialized units like Mustard and Lac processing mills, moving them from laborers to owners.

Financial Discipline: A key indicator of social responsibility and management skill is the 2.64% reduction in NPAs in Sahibganj (2022-23). This reflects high financial literacy and community-enforced discipline among women SHG members.

Sa-Dhan Bharat Microfinance Report (2024 & 2025)

Evaluation of the Growth and Outreach of SHGs and MFIs in Sahibganj: The district has moved from early-stage mobilization to a high-density institutional network, though it currently faces a phase of “cautious expansion.”

Institutional Density (2025): Sahibganj now hosts 14 Micro Lending Institutions (MLIs) and 3 specialized Banks/SFBs. Major players like Annapurna, Credit Access, and Bandhan Bank have established deep rural footprints.

Outreach Contraction (2024–2025): Reflecting a state-wide trend in Jharkhand, loan accounts decreased by 13% (from 49.15 lakh to 42.64 lakh) as of March 2025. This indicates a shift from “quantity” to “quality,” where lenders are focusing on active, disciplined borrowers rather than rapid client acquisition.

Last-Mile Connectivity: The deployment of BC Sakhis (Banking Correspondent Sakhis) in Sahibganj has been pivotal. These local women bridge the gap where physical bank branches (only 42% rural statewide) cannot reach, ensuring that the “outreach” is not just on paper but functional at the doorstep.

Analysis of the Impact of Micro-credit on Economic Status (Income, Assets): Micro-credit is being redirected from consumption to productive asset creation, specifically through government-backed livelihood missions.

Average Financial Stake (2025): The average loan balance in Jharkhand stands at ₹26,145. While this is a slight dip from 2024, it reflects a “calibration” to prevent over-leveraging (capped at ₹2 lakh per household).

Income Transformation: The Lakhpati Didi Scheme is the primary driver for income growth in Sahibganj. By linking SHG members to climate-smart agriculture and micro-enterprises, the goal is to shift households from subsistence to an annual income of at least ₹1 lakh.

Asset Quality and Repayment: While bank reports show a specific NPA of 166.41 Lakh (FY 2025-26), the Sa-Dhan 2025 report notes that 91% of loans are now used specifically for income generation, ensuring that the credit taken creates a “paying asset” (like livestock or processing units) rather than just debt.

Assessing Social Changes (Decision-making, Mobility) among Women: The most significant impact of microfinance in Sahibganj is the formalization of women’s roles in the rural economy.

From Borrowers to Entrepreneurs: The Sa-Dhan 2025 report emphasizes a shift toward Enterprise-Bank Linkages. In districts like Sahibganj, women are moving beyond small SHG loans to larger enterprise loans, which grants them higher status in domestic financial decision-making.

Digital and Physical Mobility: The use of BC Sakhis has empowered women with financial literacy at the doorstep. Women no longer need to travel long distances to banks, but they have gained the mobility to manage community-level funds and “Nookad Nataks” (awareness plays), increasing their social visibility and confidence.

Credit as a Tool for Resilience: By focusing on Emergency Healthcare and Microinsurance, micro-credit has provided women a “buffer” against shocks. This reduces their dependence on male family members or informal moneylenders during crises, fundamentally altering the power dynamics within the household.

FINDING AND DISCUSSION

This section summarizes the key results of the study conducted between 2019 and 2026. Each finding is directly mapped to the research objectives to show how the “Dual Engine” model has impacted Sahibganj.

Growth and Outreach of SHGs (Linking to Objective 1)

The Finding: Since 2019, the number of Self-Help Groups in Sahibganj has surged by 75.6%, reaching a total of 12,559 groups by 2026. A significant majority (64%) of these members belong to the Santhal and Mal Paharia tribal communities.

Contextual Comparison: This expansion rate is notably higher than the general trend across Jharkhand. While many regions struggled to form new groups during the post-pandemic period, Sahibganj saw a “late-bloomer” spike. This suggests that the “Bank Sakhi” model successfully overcame the difficult geography of the Rajmahal Hills, reaching tribal women who were previously excluded from the National Rural Livelihood Mission (NRLM).

Economic Impact: Income and Assets (Linking to Objective 2)

The Finding: The distribution of ₹44.29 Cr through the Community Investment Fund (CIF) has fundamentally changed how rural households use credit. The data shows a massive drop in “zero-income” participants, falling from 42.85% down to just 2.85%.

Contextual Comparison: Historically, tribal households in this riverine belt borrowed money only for survival such as food or medical emergencies. However, by 2026, there has been a clear shift toward “productive borrowing,” where loans are used to buy livestock, poultry, or tools for handicrafts. This move

from “debt for survival” to “investment for growth” indicates a major step forward in building household assets.

Social Changes: Decision-Making and Mobility (Linking to Objective 3)

The Finding: Being part of an SHG has led to a 30% rise in women joining Producer Groups. Furthermore, the role of the “Bank Sakhi” has increased the physical mobility of women and improved their confidence in using digital banking tools.

Contextual Comparison: The data indicates that the SHG movement has evolved beyond just saving money; it has built “social capital.” Women in Sahibganj are no longer just passive members of a group; they are now active decision-makers in their homes and local markets. This shift represents a transition from individual subsistence to collective economic power, which was not as evident in the previous decade.

Discussion

Policy Implications

The findings of this study offer several critical insights for policymakers and financial institutions aiming to deepen financial inclusion in tribal-dominated riverine districts:

Shift from Consumption to Production Credit: Data showing the reduction of “zero-income” women from 42.85% to 2.85% suggests that policy should pivot from providing “survival-based” loans to “production-based” credit. Future government schemes should subsidize interest rates specifically for capital-intensive assets like agricultural machinery and livestock.

Institutionalizing the “Bank Sakhi” Model: Since the study identifies the Bank Sakhi as a successful bridge for the “last mile,” the government should provide formal certifications and professional training for these intermediaries, transforming them into permanent banking correspondents with social security benefits.

Addressing the CD Ratio Gap: The identified Credit-Deposit (CD) ratio of 38.37% is a policy red flag. Regulatory bodies (RBI/NABARD) should incentivize commercial banks in Sahibganj to increase their lending portfolios toward SHGs to match the high institutional density of the region.

Climate-Resilient Financial Products: Given Sahibganj’s geography, microfinance policies must integrate “Climate Insurance” within loan packages to protect tribal entrepreneurs against the frequent Ganga floods that threaten their newly created assets.

Contributions of the Study

This study strengthens the existing literature by providing a specialized lens on a dual-engine financial model in a unique geographic context:

Contextual Specificity: Unlike general studies on microfinance in India, this paper provides a rare, longitudinal analysis (2019–2026) of the riverine and tribal ecosystem of Sahibganj, offering a blueprint for development in other isolated districts of Eastern India.

Synergy Analysis: Most studies focus either on SHGs (social) or MFIs (financial). This study highlights the synergistic “Dual Engine” effect, proving that social mobilization (NRLM) and financial liquidity (Sa-Dhan) are more effective when they overlap.

Empirical Evidence of Structural Change: The study provides concrete data on the Community Investment Fund (CIF) efficiency, moving beyond qualitative “empowerment” claims to show an empirical decrease in zero-income households within the Santhal and Mal Paharia communities.

Identification of the “Last Mile” Solution: By highlighting the success of the Bank Sakhi model, the study contributes a proven solution for financial immersion in areas where physical bank branches are non-existent.

CONCLUSION

Sahibganj has successfully moved past the initial phase of simply forming groups and has entered a more mature stage where SHGs act as engines for real economic change. The district has achieved a high level of “institutional saturation”, meaning the network is now dense enough to reach almost every corner of the community. However, there is a visible “credit gap” in the formal banking system; while the groups are organized and ready, the local Credit-Deposit ratio of 38.37% suggests that banks are not yet fully tapping into the potential of these rural enterprises.

Despite these infrastructure hurdles, the program has proven to be a powerful tool for social change. By shifting the focus from small “survival” loans to larger community investments, the district has empowered women to move from being individual borrowers to becoming owners of businesses like mustard and lac processing mills.

The high repayment discipline highlighted by a low 0.76% NPA ratio demonstrates that the women of Sahibganj are not just participating in the program, but are managing it with professional-grade financial responsibility.

Suggestions

- Upgrade from Micro-loans to Macro-enterprises: Banks should be encouraged to move beyond small, one-off loans and instead offer larger “Enterprise-Bank Linkage” packages for mature groups that are ready to scale up their production.
- Invest in “Hard” Rural Infrastructure: While the “BC Sakhi” model has been a brilliant workaround for rural banking, the district still needs better physical infrastructure, specifically more rural ATMs, and more accessible bank branches to support growing businesses.
- Provide Specialized Support for “Slow-Growth” Areas: Blocks like Mandro and Sahibganj, which have shown flatter growth curves or higher default rates, should receive targeted financial literacy training and closer mentorship to help them catch up with high-performing blocks like Barhait.
- Turn Producers into Market Leaders: To truly boost incomes, the district should continue helping women move further up the supply chain. Instead of just producing raw materials, SHGs should be supported in owning the processing and branding of goods through Farmer Producer Organizations (FPOs).
- Maintain a “Quality First” Approach: As the district reaches its mobilization targets, the focus should shift from forming new groups to ensuring the existing 12,559 groups remain active, disciplined, and linked to modern markets.

Limitation of the Study

This study is mainly limited by its use of secondary data from government and institutional reports, which means it depends on the accuracy and timing of those existing records. Because the 2011 Census is the last official primary source available, some demographic information (like literacy rates) may not reflect the most recent changes.

Additionally, while the research provides a clear “big picture” of the district’s growth, it may not capture the day-to-day personal experiences of every household in the remote areas of the Rajmahal Hills.

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