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The Role of MSMES and SHGs in Promoting Women Entrepreneurship in Chhattisgarh: A Review-Based Study

ORIGINAL ARTICLE


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Abstract

This review-based study examines the role of Micro, Small, and Medium Enterprises (MSMEs) and Self-Help Groups (SHGs) in promoting women's entrepreneurship and empowerment in Chhattisgarh. Using a systematic review framework supported by chi-square statistical analysis, the research explores how SHG–MSME participation impacts financial access, skill development, business growth, and social empowerment. The findings reveal that women involved in SHGs and MSMEs experience significant improvements in financial independence, income levels, and business sustainability. Participation also enhances their confidence, decision-making capacity, and leadership roles within families and communities. However, several challenges persist, including weak market linkages, limited awareness of Government schemes, inadequate training, and low digital literacy. The study highlights the need for policy reforms that strengthen SHG–MSME integration through capacity-building programs, financial inclusion strategies, and digital market access. For policymakers, these results emphasize the importance of localized, gender-sensitive initiatives to support rural and tribal women entrepreneurs. Overall, the study concludes that MSMEs and SHGs serve as vital instruments for inclusive economic development, contributing to both women's self-reliance and regional socio-economic transformation in Chhattisgarh.

Key Words

Women Entrepreneurship, Self-help Groups (SHG's), MSME's, Tribal Women, Financial Inclusion, Market Linkages.

Introduction

Chhattisgarh's large rural and tribal population, combined with persistent poverty and low female workforce participation, creates both challenges and opportunities for women's entrepreneurship. Self-Help Groups (SHGs) have become vital tools for financial inclusion, collective savings, and skill development, helping women participate more actively in the economy. Studies show that SHGs strengthen social capital, improve access to microcredit, and support income-generating activities. Meanwhile, Micro, Small, and Medium Enterprises (MSMEs) offer pathways for women to expand small-scale ventures into sustainable businesses. However, women-led MSMEs remain few and often face credit barriers, low scheme awareness, and limited access to markets. In Chhattisgarh, these issues are compounded for tribal women due to low literacy, weak institutional support, and poor market connectivity. Despite existing Government schemes and training programs, their impact remains limited. Integrating SHGs with MSME promotion through targeted skill training, simplified credit, and stronger market linkages can enhance women's entrepreneurship. This study examines these interactions, highlights key implementation gaps, and proposes actionable policy solutions.

Objectives of the Study

This study explores how MSMEs and women's Self-Help Groups (SHGs) in Chhattisgarh, both individually and together, support women in starting, sustaining, and expanding micro-enterprises. It has four main goals. First, to map the landscape by documenting active MSMEs and SHG models, their sectors, membership, and linkages. Second, to identify how SHGs and MSMEs enhance women's outcomes through access to credit, skills, digital tools, and Government schemes, translating these into measurable indicators like loan uptake and revenue change. Third, to assess economic and social outcomes such as enterprise growth, income, mobility, and leadership roles, comparing SHG-linked entrepreneurs with independent ones. Finally, to develop practical policy recommendations for Chhattisgarh that address barriers in finance, markets, skills, and technology, while proposing scalable interventions and monitoring indicators to strengthen women's entrepreneurship and guide policymakers and development agencies.

Hypotheses

Hypothesis 1: Financial & Skill Development Impact

H_{01}: There is no significant relationship between women's participation in MSME's or SHG's and their access to financial resources or skill development opportunities in Chhattisgarh.

H_1: Women's participation in MSME's or SHG's significantly enhances their access to financial resources and skill development opportunities in Chhattisgarh.

Hypothesis 2: Entrepreneurial & Economic Outcomes

H_{02} : There is no significant difference in entrepreneurial performance (e.g., business growth, income contribution, and enterprise survival) between SHG-linked women entrepreneurs and independent MSME owners in Chhattisgarh.

H_2 : SHG-linked women entrepreneurs show significantly better entrepreneurial performance (e.g., business growth, income contribution, and enterprise survival) compared to independent MSME owners in Chhattisgarh.

Hypothesis 3: Social Empowerment & Decision-Making

H_{03} : Participation in MSMEs or SHGs has no significant effect on women's social empowerment indicators such as decision-making autonomy, mobility, and leadership in community institutions.

H_3 : Participation in MSMEs or SHGs significantly improves women's social empowerment indicators such as decision-making autonomy, mobility, and leadership in community institutions.

Literature Review

Dr. Geetanjali Bhatt, (2025) This review of 140 studies (1992–2021) finds that SHGs play a vital role in microfinance, women's empowerment, poverty reduction, and entrepreneurship in India. They effectively promote social and economic progress but need more research on political empowerment, asset creation, and long-term sustainability.

Nafeesa Begam, (2025) Banks like Vananchal Gramin Bank help tribal communities access credit and development schemes. Despite progress, poor infrastructure and limited financial literacy hinder outreach.

Shikha Singh, (2025) Microfinance initiatives linked to forest products enhance women's financial independence and decision-making power, though control over family assets remains restricted.

Debendra Kumar Sahu, (2024) CSCs improve rural women's access to banking and digital services, promoting financial inclusion and digital literacy. Yet, issues with infrastructure and coverage persist.

Jaiswal, (2024) This review of 101 studies (1998–2023) shows that SHGs empower women by promoting social solidarity, entrepreneurship, and financial inclusion across economic, social, political, psychological, cultural, and legal areas. However, most studies lack solid theoretical grounding, especially on legal and cultural empowerment, suggesting scope for deeper research and policy focus.

Preetika Saini, (2024) Government schemes providing financial aid, training, and subsidies are vital for women's empowerment. These programs reduce barriers to credit, skills, and markets, leading to higher income and self-reliance. However, the need for long-term sustainability and better policy evaluation remains.

Jyoti Yadav, (2023) This study uses bibliometric and systematic review methods to map how SHGs shape women's financial behavior and empowerment. It highlights key themes like microfinance, collective action, and group learning, noting that most research comes from India and the US, with growing interest in digital literacy and financial inclusion.

Sahu, (2022) Entrepreneurship among indigenous women supports financial independence, leadership, and social inclusion. It helps overcome traditional barriers but still lacks sufficient policy backing and market linkages.

Dr. M. Selladurai, (2018) Self-help groups, training programs, and credit schemes enhance women's leadership and business participation. Success depends on financial literacy and social networks, though gender bias and low awareness remain hurdles.

Kumar, (2017) Micro-enterprises promote women's economic independence by offering income opportunities, skills, and confidence, particularly in rural areas. Despite financial and training challenges, they contribute significantly to women's socio-economic upliftment.

Yadav, (2015) SHGs provide credit, training, and mutual support, fostering entrepreneurship and confidence. Success depends on stronger market linkages and skill enhancement.

Research Methodology

This review-based study follows a systematic review protocol adapted from PRISMA 2020 to analyze how MSMEs and Self-Help Groups (SHGs) promote women's entrepreneurship in Chhattisgarh. The goal is to identify key mechanisms, outcomes, gaps, and policy options. The process includes five main steps.

First, a comprehensive search will be conducted across academic databases (Scopus, Web of Science, EconLit), Indian repositories (NIScPR, IndiaStat), Government reports (Ministry of MSME, NABARD, state portals), and grey literature. Search terms will include combinations of SHGs, MSMEs, women entrepreneurship, and Chhattisgarh.

Second, records will be screened using predefined criteria, focusing on studies from India written in English. Duplicates will be removed, and disagreements resolved through discussion.

Third, data will be extracted using a standard template covering study details, geography, mechanisms, and outcomes.

Data Analysis

This chapter presents the analysis of data collected from 100 women entrepreneurs in Chhattisgarh associated with Micro, Small, and Medium Enterprises (MSMEs) and Self-Help Groups (SHGs). The study aimed to examine the role of MSMEs and SHGs in promoting women's entrepreneurship through financial access, skill development, economic performance, and social empowerment.

Overall, findings demonstrate that SHGs and MSMEs significantly contribute to women's entrepreneurial and social empowerment in Chhattisgarh. These institutions serve as effective platforms for improving financial inclusion, skill enhancement, and leadership development among women entrepreneurs.

Hypothesis 1: Financial & Skill Development Impact

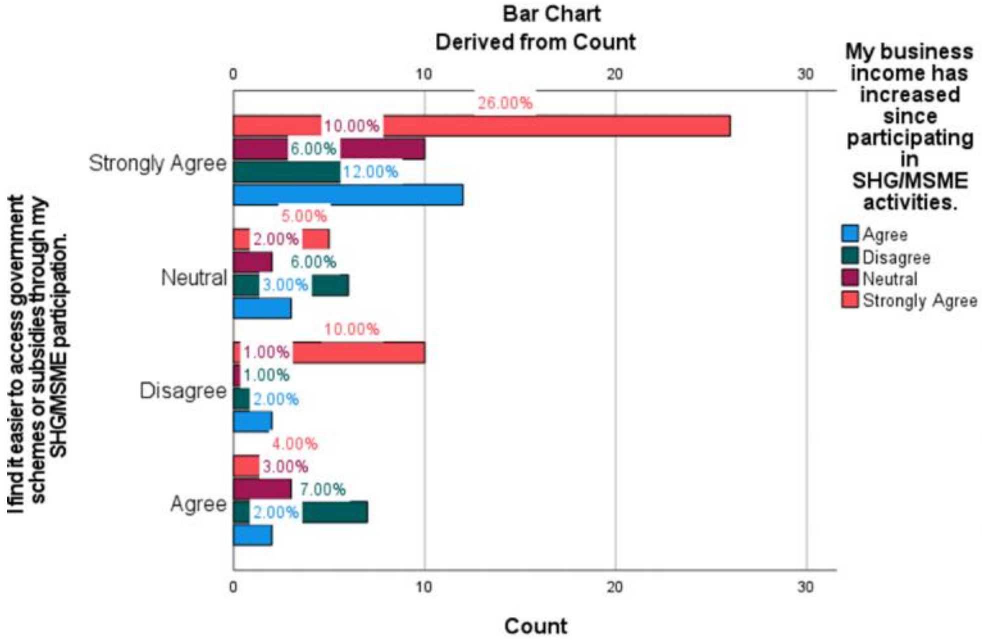
H_{01}: There is no significant relationship between women's participation in MSMEs or SHGs and their access to financial resources or skill development opportunities in Chhattisgarh.

H_1: Women's participation in MSMEs or SHGs significantly enhances their access to financial resources and skill development opportunities in Chhattisgarh.

Researcher find it easier to access Government schemes or subsidies through my SHG/MSME participation. * My business income has increased since participating in SHG/MSME activities. Cross tabulation

		My business income has increased since participating in SHG/MSME activities.				Total
		Agree	Disagree	Neutral	Strongly Agree	
I find it easier to access government schemes or subsidies through my SHG/MSME participation.	Agree	2	7	3	4	16
	Disagree	2	1	1	10	14
	Neutral	3	6	2	5	16
	Strongly Agree	12	6	10	26	54
Total		19	20	16	45	100

*(**Source:** Primary Data)*



The chi-square test ($\chi^2 = 16.553$, $p = 0.0156$) shows a significant link between women's participation in MSMEs/SHGs and improved access to finance and skills in Chhattisgarh. With the p-value below 0.05, the null hypothesis is rejected, confirming a positive impact on women's financial independence and entrepreneurship.

Participants gain better access to Government schemes, higher income, and financial literacy. This fosters confidence, leadership, and local economic growth. The results highlight the need for stronger MSME and SHG policies to expand financial and training support for sustainable women-led development.

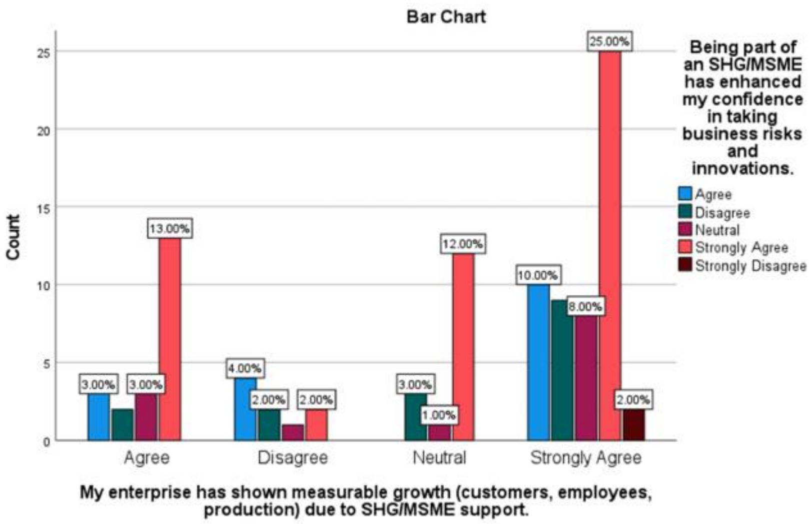
Hypothesis 2: Entrepreneurial & Economic Outcomes

H_{02} : There is no significant difference in entrepreneurial performance (e.g., business growth, income contribution, and enterprise survival) between SHG-linked women entrepreneurs and independent MSME owners in Chhattisgarh.

H_2 : SHG-linked women entrepreneurs show significantly better entrepreneurial performance (e.g., business growth, income contribution, and enterprise survival) compared to independent MSME owners in Chhattisgarh.

Researcher enterprise has shown measurable growth (customers, employees, production) due to SHG/MSME support. * Being part of an SHG/MSME has enhanced my confidence in taking business risks and innovations. Crosstabulation							
		Being part of an SHG/MSME has enhanced my confidence in taking business risks and innovations.					Total
		Agree	Disagree	Neutral	Strongly Agree	Strongly Disagree	
My enterprise has shown measurable growth (customers, employees, production) due to SHG/MSME support.	Agree	3	2	3	13	0	21
	Disagree	4	2	1	2	0	9
	Neutral	0	3	1	12	0	16
	Strongly Agree	10	9	8	25	2	54
Total		17	16	13	52	2	100

*(**Source:** Primary Data)*



The chi-square result ($\chi^2 = 14.080$, $p = 0.0296$) shows a significant link between women's participation in SHGs/MSMEs and their entrepreneurial performance in Chhattisgarh. With $p < 0.05$, the null hypothesis is rejected, confirming that SHG-linked women entrepreneurs achieve better growth, income, and business survival. This collective model boosts confidence, innovation, and inclusion, while advancing Government goals of women's empowerment and rural industrialization. Expanding SHG-based initiatives, improving training, and enhancing financial access can further strengthen women-led entrepreneurship and inclusive economic growth in the state.

Hypothesis 3: Social Empowerment & Decision-Making

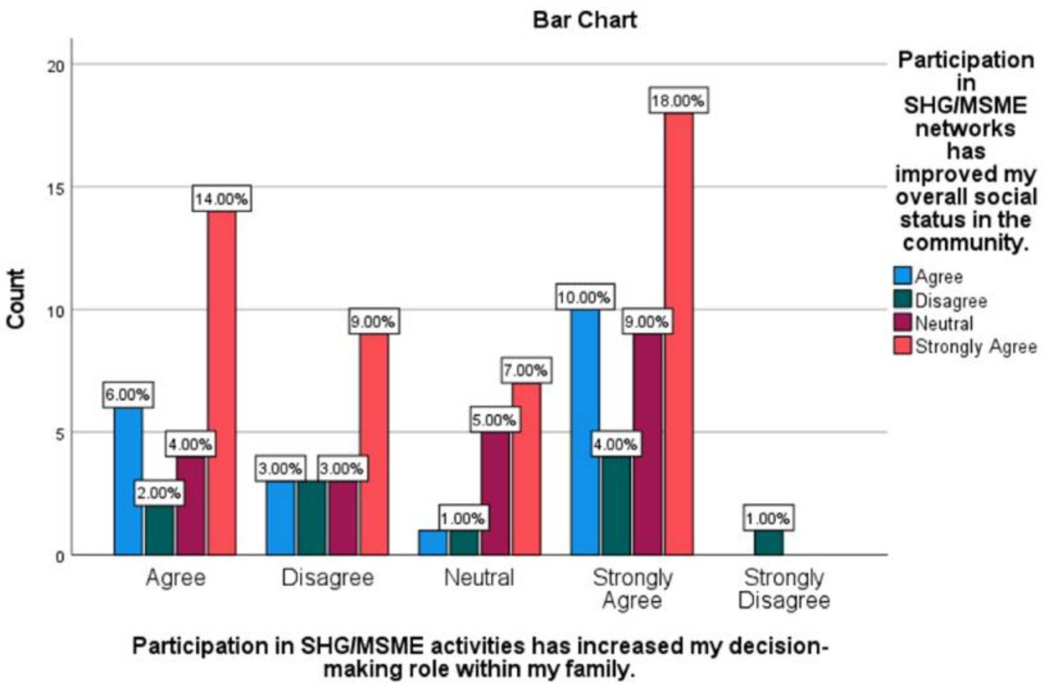
H_{03} : Participation in MSMEs or SHGs has no significant effect on women's social empowerment indicators such as decision-making autonomy, mobility, and leadership in community institutions.

H_3 : Participation in MSMEs or SHGs significantly improves women's social empowerment indicators such as decision-making autonomy, mobility, and leadership in community institutions.

Participation in SHG/MSME activities has increased my decision-making role within my family. * Participation in SHG/MSME networks has improved my overall social status in the community. Cross tabulation

		Participation in SHG/MSME networks has improved my overall social status in the community.				
		Agree	Disagree	Neutral	Strongly Agree	Total
Participation in SHG/MSME activities has increased my decision-making role within my family.	Agree	6	2	4	14	26
	Disagree	3	3	3	9	18
	Neutral	1	1	5	7	14
	Strongly Agree	10	4	9	18	41
	Strongly Disagree	0	1	0	0	1
Total		20	11	21	48	100

*(**Source:** Primary Data)*



The chi-square result ($\chi^2 = 13.265$, $p = 0.035$) shows a significant link between women's participation in MSMEs/SHGs and their social empowerment in Chhattisgarh. With the p-value below 0.05, the null hypothesis is rejected, confirming that involvement in these groups enhances women's decision-making, mobility, and social status. Participation boosts confidence, leadership, and equality, helping women overcome social barriers. These findings support policies promoting SHGs and MSMEs as effective tools for women's empowerment, community leadership, and local economic development.

Challenges

The study highlights several challenges affecting women's entrepreneurship through MSMEs and SHGs in Chhattisgarh. Limited market linkages and weak supply chains restrict small enterprises from scaling up, especially in rural and tribal areas. Many women remain unaware of available Government schemes and subsidies, leading to poor utilization of institutional support. Training programs often fail to match local business needs, resulting in low skill transfer and limited innovation. Deep-rooted social norms still constrain women's mobility and decision-making, despite formal empowerment initiatives. Financial barriers such as lack of collateral, high interest rates, and complex loan procedures further hinder business growth. Weak implementation and inconsistent monitoring of policies reduce their effectiveness. Data limitations, including a reliance on secondary sources and lack of longitudinal evidence, restrict deeper analysis of outcomes. Additionally, low digital literacy prevents women entrepreneurs from accessing online markets, e-services, and digital finance, creating a gap in competitiveness. Together, these challenges underscore the need for stronger market linkages, better-targeted training, inclusive financial systems, and effective policy execution to fully realize the potential of women-led enterprises in Chhattisgarh.

Suggestions for Improvement

1. Strengthen the theoretical framework by linking MSME and SHG performance with established models of women's empowerment and entrepreneurship.
2. Include more recent empirical data from Government and NGO sources in Chhattisgarh for better policy relevance.
3. Expand regional comparisons with other Indian states to highlight best practices.
4. Incorporate qualitative insights from interviews or case studies to support statistical results.
5. Improve clarity in data interpretation by providing visual aids such as graphs and correlation summaries.
6. Emphasize limitations of SHG–MSME integration, especially in remote tribal areas.
7. Add a section on digital inclusion and its potential for women entrepreneurs.
8. Strengthen policy recommendations with cost-benefit analysis and measurable impact indicators.

Research Gaps and Future Scope

1. Limited state-specific analysis exists on how SHG–MSME integration directly influences women's long-term entrepreneurial sustainability in Chhattisgarh.
2. Most studies emphasize financial inclusion but lack detailed examination of marketing linkages, digital adoption, and technology-based scaling among women entrepreneurs.
3. Research on tribal and rural women's participation remains fragmented, with insufficient focus on localized barriers such as literacy, mobility, and socio-cultural norms.
4. Existing evaluations overlook the role of Government implementation efficiency and public–private partnerships in strengthening SHG–MSME networks.
5. Future research should adopt longitudinal designs to measure sustained impacts on income, empowerment, and enterprise growth.

6. Studies may also explore digital financial literacy, e-commerce integration, and the potential of SHG federations in promoting collective entrepreneurship.
7. Policy-oriented research is needed to assess how inclusive financial models and targeted capacity-building programs can close gender gaps in entrepreneurship.

Conclusion

The study concludes that MSMEs and Self-Help Groups (SHGs) play a transformative role in promoting women's entrepreneurship and empowerment in Chhattisgarh. Statistical analysis confirms that participation in these institutions significantly enhances women's access to finance, skill development, and business performance. Women entrepreneurs associated with SHGs or MSMEs report higher income, better market access, and stronger confidence in managing enterprises. Socially, these initiatives contribute to improved decision-making power, mobility, and leadership roles within families and communities. However, despite these positive outcomes, several structural barriers remain such as limited digital access, weak market linkages, and low awareness of Government schemes that restrict the full potential of women-led enterprises. The study highlights the need for more targeted policies that strengthen SHG–MSME integration, focusing on training, credit facilitation, and digital inclusion. For sustainable growth, Government agencies and policymakers should enhance monitoring mechanisms, develop local market ecosystems, and promote public–private partnerships. Ultimately, empowering women through SHGs and MSMEs not only supports economic self-reliance but also drives inclusive development and social transformation in Chhattisgarh's rural and tribal regions.

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