Evaluating the Economic Impact of Bank Finance on Self-Help Group Members – A Comparative Study of Punjab & Haryana

MS. SAVITA KHANNA, DR. VARINDERJEET SINGH

Abstract: *This study examines the economic impact of bank-linked financing on members of Self-Help Groups (SHGs) under the SHG–Bank Linkage Programme in the states of Punjab and Haryana. The research aims to evaluate how access to formal bank credit influences income generation, savings behavior, employment opportunities, business participation, and overall economic stability among SHG members. A mixed-method research design was adopted, combining quantitative and qualitative approaches. Primary data were collected from 500 respondents through structured questionnaires, interviews, and focus group discussions, while secondary data were obtained from NABARD reports, government publications, and scholarly literature. The study employed descriptive statistics and Chi-Square tests to analyze the relationship between bank finance and economic empowerment indicators. The findings reveal that bank-linked financing has significantly improved the economic condition of SHG members in both states. A majority of respondents reported higher income levels, increased savings capacity, better employment opportunities, enhanced business involvement, and improved financial stability after receiving bank finance. The Chi-Square results indicated statistically significant associations between bank finance and all major economic variables. Haryana demonstrated relatively stronger outcomes in employment generation and entrepreneurship compared to Punjab. The study concludes that bank-linked financing is an effective mechanism for promoting financial inclusion, women's empowerment, poverty reduction, and sustainable rural economic development.*

Keywords: Self-Help Groups (SHGs), Bank Linkage, Financial Inclusion, Economic Empowerment, Microfinance, Rural Development

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Introduction

Self-Help Groups (SHGs) have emerged as one of the most effective grassroots mechanisms for promoting financial inclusion, social empowerment, and poverty alleviation in India (Ramesh, 2023). They function as small, community-based associations usually comprising 10 to 20 members who voluntarily come together to save regularly, pool resources, and provide financial assistance to one another(Al-Kubati & Selvaratnam, 2023). This model emphasizes collective responsibility, participatory decision-making, and mutual support, particularly among marginalized sections of society, most notably women. In India, the SHG–Bank Linkage Programme (SHG–BLP) launched by the National Bank for Agriculture and Rural Development (NABARD) in 1992 marked a turning point in the financial inclusion landscape(Maity, 2023). The initiative aimed to integrate informal savings and credit mechanisms of SHGs with the formal banking system(Al-Kubati & Selvaratnam, 2023). Through this linkage, banks provide financial assistance to SHGs without demanding collateral, enabling members to access credit for productive and income-generating activities(Hoffmann et al., 2021). The programme has since evolved into the world's largest microfinance movement, facilitating millions of rural households in achieving economic independence and enhancing their quality of life(Mathan & Sunderaraj, 2024). The SHG–BLP not only provides financial access but also strengthens institutional capacity, fosters entrepreneurial activities, and cultivates financial discipline among rural populations(Al-Kubati & Selvaratnam, 2023). Women, who constitute nearly 90 percent of SHG membership, have particularly benefited through improved access to credit, skill development, and participation in local governance and community leadership. Thus, SHGs play a dual role—serving as both financial intermediaries and agents of socio-economic transformation(Alemu et al., 2018).

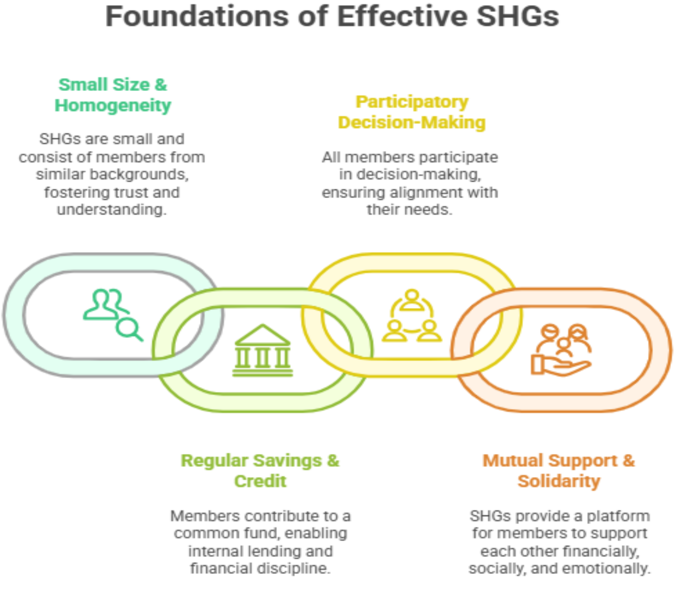

Figure 1. Foundations of Effective SHGs

This figure 1. illustrates the core principles that ensure Self-Help Groups (SHGs) function effectively. It highlights four key elements small size and homogeneity, participatory decision-making, regular savings and credit, and mutual support and solidarity which collectively foster trust, financial discipline, and socio-economic empowerment among members.

1.1 Problem Statement

Despite the extensive growth of SHG–Bank Linkage initiatives across India, the economic effects of bank-linked financing on SHG members remain underexplored and highly region-specific. While numerous studies have analyzed SHGs in terms of social empowerment and financial inclusion, there is a limited understanding of their direct impact on measurable economic parameters such as income generation, employment creation, savings enhancement, asset formation, and entrepreneurial development. Moreover, disparities in regional banking practices, institutional support, and socio-economic conditions influence the extent to which bank-linked SHGs contribute to the economic upliftment of their members. Therefore, a comprehensive evaluation of the economic outcomes of bank financing through SHGs is essential to assess their real contribution to sustainable rural development.

1.2 Purpose of the Study

The primary purpose of this study is to evaluate how bank-linked financing influences the economic well-being of Self-Help Group members. The research seeks to examine changes in income levels, employment opportunities, personal and group savings, investment behavior, and asset accumulation following the introduction of bank finance. It also aims to analyze whether these financial interventions have led to sustainable economic empowerment and improvement in the overall living standards of SHG participants. Furthermore, the study intends to provide empirical insights into how the SHG–Bank Linkage Programme contributes to poverty reduction, entrepreneurship promotion, and livelihood diversification among rural populations.

1.3 Scope of the Study

The scope of this study is confined to Self-Help Groups (SHGs) linked with banks under the SHG–Bank Linkage Programme (SHG–BLP). The research focuses on SHG members who have availed themselves of credit from formal banking institutions to finance micro-enterprises, household investments, or other income-generating activities. The study does not include non-banked SHGs or informal lending groups operating outside the NABARD framework. Data for the study will be derived from both primary and secondary sources, encompassing SHG records, NABARD reports, and field surveys. The geographical scope may be defined regionally, allowing for comparative insights into variations in economic impact across different socio-economic contexts.

1.4 Significance of the Study

This study holds significant value for policymakers, development practitioners, and financial institutions striving to strengthen financial inclusion strategies in rural India. By empirically evaluating the economic effects of bank-linked financing on SHG members, the research offers evidence-based insights into the effectiveness of the SHG–Bank Linkage Programme. The findings will help policymakers identify gaps in current microfinance interventions and design region-specific strategies that promote sustainable economic empowerment. For banks and microfinance institutions, the study provides an analytical basis for improving credit delivery mechanisms, reducing defaults, and enhancing the impact of lending schemes.

Moreover, by focusing on economic indicators such as income, savings, and asset creation, this research aligns with the broader goals of the United Nations Sustainable Development Goals (SDGs)—particularly SDG 1 (No Poverty), SDG 5 (Gender Equality), and SDG 8 (Decent Work and Economic Growth). Ultimately, the study contributes to the growing body of knowledge on rural financial inclusion, empowering communities through self-reliant and bank-supported collective action.

Literature Review

The literature review explores previous studies on the economic and social impacts of Self-Help Groups (SHGs) and bank-linked financing in India and other regions. It examines key findings related to income generation, savings, entrepreneurship, and empowerment, while identifying gaps in institutional support, training, and market access that influence the overall effectiveness and sustainability of SHG programmes.

Recent studies on Self-Help Groups (SHGs) and bank-linked financing highlight their significant contribution toward women’s empowerment, financial inclusion, and rural economic development in India. National Bank for Agriculture and Rural Development supported SHG–Bank Linkage Programmes have been widely recognized for improving access to formal credit and strengthening savings behavior among rural women. Brody et al. (2021) found that SHG participation positively influenced women’s empowerment, particularly in income control, credit decision-making, and community participation. Similarly, Kumar and Arun (2021) reported that SHG-linked financial literacy programs enhanced women’s financial awareness and savings habits in rural Kerala. Mullick and Khanna (2021) observed that active participation in SHGs improved women’s socio-economic empowerment and decision-making abilities in West Bengal. Additionally, Sharma and Patel (2022) emphasized that microfinance through SHGs contributed to poverty reduction and entrepreneurship development among marginalized women in rural India.

Several recent studies between 2023 and 2025 further examined the institutional and economic effectiveness of SHG–Bank Linkage Programmes across different Indian states. Maity (2023) highlighted that SHGs in Assam significantly improved financial inclusion and reduced social exclusion among rural women. Dixit and Sen (2025) studied SHG-bank linkages in Uttar Pradesh and concluded that women-exclusive SHGs played a dominant role in savings mobilization, credit utilization, and household financial stability. Singha and Neogi (2025) evaluated Indian public sector banks and found that efficient bank participation strengthened SHG outreach and improved rural financial inclusion. Bhagwat (2025) statistically assessed three decades of SHG-bank linkage growth and confirmed a strong relationship between bank credit expansion and women’s economic empowerment in India. These studies collectively indicate that institutional support, banking efficiency, and targeted government policies are essential for the long-term sustainability of SHGs.

Recent research published in 2026 continues to reinforce the developmental importance of SHGs in promoting inclusive economic growth and financial empowerment. Survase and Panda (2026) found that financial inclusion through SHGs in Maharashtra significantly improved household economic well-being, especially through better access to credit facilities and banking services. Mishra, Sawaran, and Nagwanshee (2026) emphasized that NABARD's SHG–Bank Linkage Programme enhanced financial literacy and banking accessibility among rural women in underserved regions. Contemporary studies also highlight the growing role of digital financial systems and institutional innovations in strengthening SHG performance and credit accessibility. Overall, the literature from 2021–2026 demonstrates that SHGs remain one of the most effective mechanisms for empowering women, enhancing entrepreneurship, promoting savings behavior, and reducing rural poverty through collective financial participation and institutional support.

Research Methodology

The research methodology is the blueprint that outlines how the study has been conducted to achieve its objectives systematically and scientifically. It describes the design, data collection methods, sampling strategy, analytical tools, and techniques employed to examine the economic effects of bank-linked financing on Self-Help Group (SHG) members.

3.1 Research Design

The present study adopts a **mixed-methods research design**, integrating both **quantitative** and **qualitative** approaches.

- **Quantitative Approach:**
  The quantitative component involves the collection and analysis of numerical data related to income, savings, employment, and asset ownership of SHG members. It allows for statistical testing of relationships and differences before and after receiving bank-linked finance.
- **Qualitative Approach:**
  The qualitative component includes in-depth interviews and discussions with SHG members to understand their perceptions, experiences, and challenges related to bank financing. This approach provides contextual insights that enrich the quantitative findings.

The mixed-method design ensures a comprehensive evaluation by combining measurable outcomes with personal experiences, thereby enhancing the validity and reliability of the research findings.

3.2 Data Sources

The study relies on both **primary** and **secondary data** to ensure the robustness and accuracy of the results.

3.2.1 Primary Data

Primary data have been collected directly from SHG members through:

- **Structured Questionnaires:** Designed to gather quantitative information about income levels, savings patterns, access to bank credit, and changes in household assets before and after joining SHGs.

- **Interviews and Focus Group Discussions (FGDs):** Conducted with selected SHG members and group leaders to capture qualitative insights into their experiences, perceptions, and the socio-economic benefits derived from bank-linked financing.

3.2.2 Secondary Data

Secondary data have been obtained from reliable institutional and scholarly sources to supplement primary findings and provide contextual background. These include:

- Reports and publications from **NABARD** (National Bank for Agriculture and Rural Development) and **NRLM** (National Rural Livelihoods Mission).
- Government policy documents, census reports, and district-level economic surveys.
- Academic journals, research papers, dissertations, and conference proceedings on microfinance, SHG-Bank Linkage Programmes, and women's empowerment.
- Statistical databases and official records from rural development departments and financial institutions.

3.3 Sampling Design

To ensure representativeness and minimize bias, the study employs a stratified random sampling technique. This method divides the study area into distinct strata states, districts, blocks, and villages before selecting SHGs and respondents randomly within each stratum.
The sampling framework is structured as follows:

- **Selection of States:** Two regions/states are selected for comparative analysis based on SHG activity and bank linkage intensity.
- **District Selection:** Three districts from each state are chosen using purposive sampling, considering the maximum number of villages.
- **Block Selection:** Within each district, three blocks are selected randomly.
- **Village Selection:** Four villages from each block are selected through simple random sampling.
- **SHG and Member Selection:** Four SHGs from each village are selected, and two members from each SHG are chosen randomly.

This multi-stage sampling yields approximately 500 respondents—about 250 respondents per region—ensuring adequate representation across different socio-economic contexts.

3.4 Variables for Objective (Economic Impact)

To analyze the economic effects of bank-linked financing on SHG members, the following variables are identified and measured:

1. **Monthly Income:** Comparison of members' income before and after joining SHG and receiving bank finance.
2. **Savings and Investment:** Changes in personal and group savings patterns and utilization of funds for productive activities.
3. **Employment Generation:** Creation of self-employment or wage-based opportunities resulting from SHG-linked enterprises.
4. **Business Expansion:** Extent of diversification or scaling up of income-generating activities post-bank finance.

5. **Access to Financial Services:** Availability and use of banking products such as credit, savings accounts, and micro-insurance.
6. **Asset Ownership:** Acquisition of household or productive assets (e.g., livestock, machinery, land, or housing improvements).
7. **Standard of Living Indicators:** Improvements in consumption, education, and healthcare expenditures.

3.5 Research Hypotheses

To guide the analysis and testing, the following hypotheses are formulated:

Null Hypothesis (H_0): Bank-linked financing has no significant economic impact on the members of Self-Help Groups.

Alternative Hypothesis (H_1): Bank-linked financing has a significant economic impact on the members of Self-Help Groups.

These hypotheses will be tested using appropriate statistical tools to determine the significance of bank finance in improving the economic status of SHG members.

3.6 Analytical Tools and Techniques

3.6 Analytical Tools and Techniques

To analyze the collected data systematically, both quantitative and qualitative analytical techniques were employed.

3.6.1 Quantitative Analysis

The quantitative data collected through structured questionnaires were coded, tabulated, and analyzed using SPSS software. The following statistical tools were applied:

Descriptive Statistics: Frequency distributions, percentages, means, and standard deviations were used to summarize the demographic profile of respondents and their responses regarding income, savings, employment, business activities, and access to financial services.

Chi-Square Test (χ^2):

The Chi-Square test was employed to examine the association between bank-linked financing and various economic empowerment indicators of Self-Help Group (SHG) members. Since the study variables were categorical in nature, such as income satisfaction, saving ability, employment status, business involvement, loan accessibility, and economic stability, the Chi-Square test was considered the most appropriate statistical technique.

The test was used to determine whether the observed changes in economic conditions among SHG members were statistically significant after receiving bank finance. The hypotheses tested were:

Null Hypothesis (H_0): Bank-linked financing has no significant economic impact on Self-Help Group members.

Alternative Hypothesis (H_1): Bank-linked financing has a significant economic impact on Self-Help Group members.

The level of significance was fixed at 5% ($p < 0.05$). If the calculated p-value was less than 0.05, the null hypothesis was rejected, indicating a significant relationship between bank finance and the economic empowerment of SHG members.

3.6.2 Qualitative Analysis

Qualitative information obtained through interviews and Focus Group Discussions (FGDs) was analyzed using thematic analysis. Responses were categorized into common themes related to income improvement, savings behavior, employment opportunities, entrepreneurship development, financial literacy, and challenges faced by SHG members. These findings were used to support and interpret the quantitative results.

Result And Discussion

The results section presents an analysis of how bank-linked financing influences the economic status of Self-Help Group (SHG) members. It highlights key findings related to income, savings, employment, and business activities, demonstrating significant positive impacts on members' financial stability and overall economic empowerment across Punjab and Haryana.

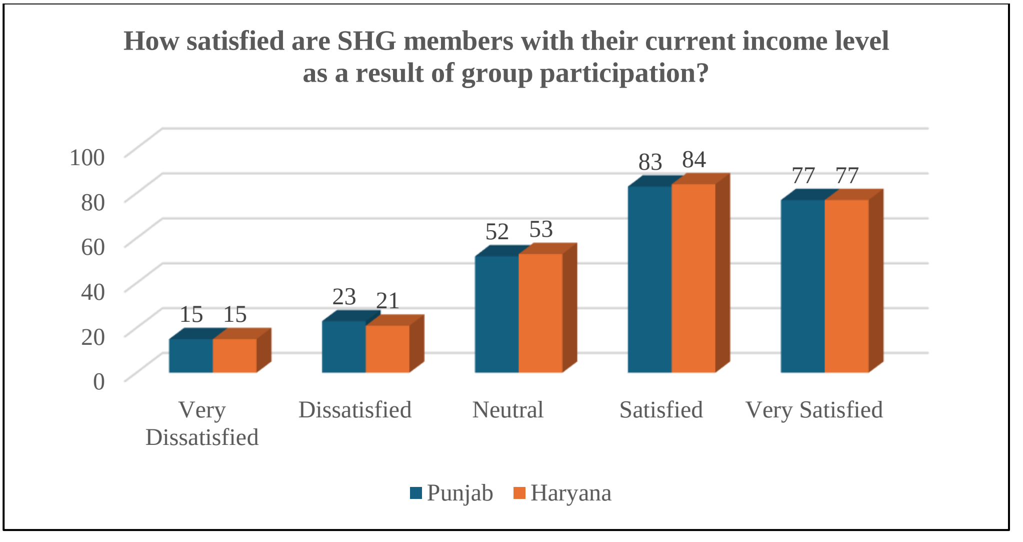

Fig.2: How satisfied are SHG members with their current income level as a result of group participation?

The data on satisfaction with current income levels as a result of being a Self-Help Group (SHG) member reflects a generally positive sentiment in both Punjab and Haryana. In Punjab, 33.2% of respondents are satisfied with their income level, and 30.8% are very satisfied, resulting in a total of 64% expressing satisfaction. In Haryana, 33.6% are satisfied, and 30.8% are very satisfied, giving a combined satisfaction rate of 64.4%. Neutral responses are similar in both states, with 20.8% in Punjab and 21.2% in Haryana. The proportion of respondents who are dissatisfied or very dissatisfied is relatively low, with 15% in Punjab (6% very dissatisfied and 9.2% dissatisfied) and 14.4% in Haryana (6% very dissatisfied and 8.4% dissatisfied). Overall, the majority of respondents in both states are satisfied with their income level due to their SHG membership, indicating a positive impact on their financial well-being.

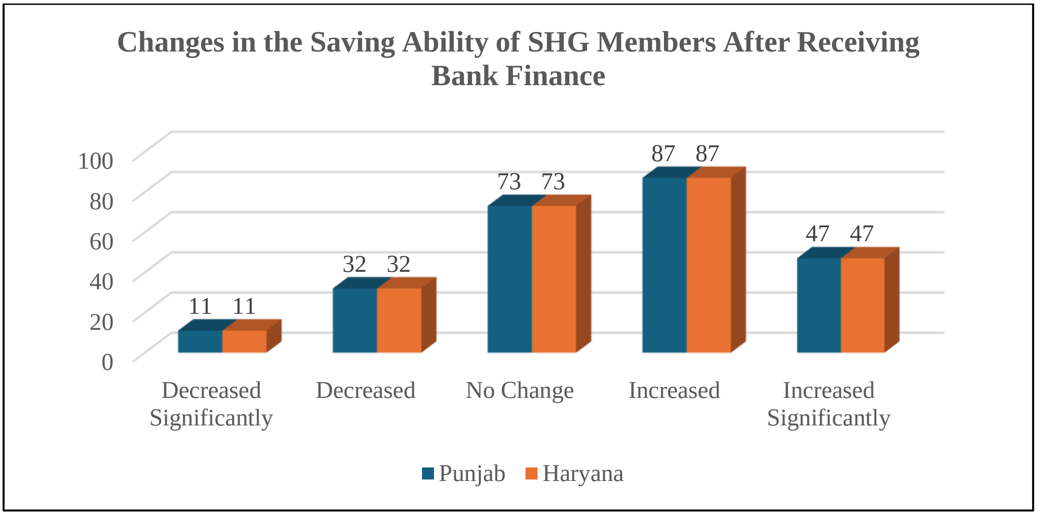

Fig.3: Changes in the Saving Ability of SHG Members After Receiving Bank Finance

The data on changes in the ability to save money since receiving bank finance reveals a positive impact for respondents in both Punjab and Haryana. In Punjab, 34.8% of respondents reported an increase in their ability to save money, and 18.8% reported a significant increase, resulting in a total of 53.6% experiencing improved savings. Similarly, in Haryana, 34.8% saw an increase, and 18.8% saw a significant increase, also totaling 53.6% with positive changes. Neutral responses were consistent at 29.2% in both states, indicating no change in savings ability. The proportion of respondents who experienced a decrease in their ability to save is relatively low in both states, with 12.8% reporting a decrease and 4.4% reporting a significant decrease. Overall, the majority of respondents in both Punjab and Haryana report a positive impact on their savings ability due to receiving bank finance.

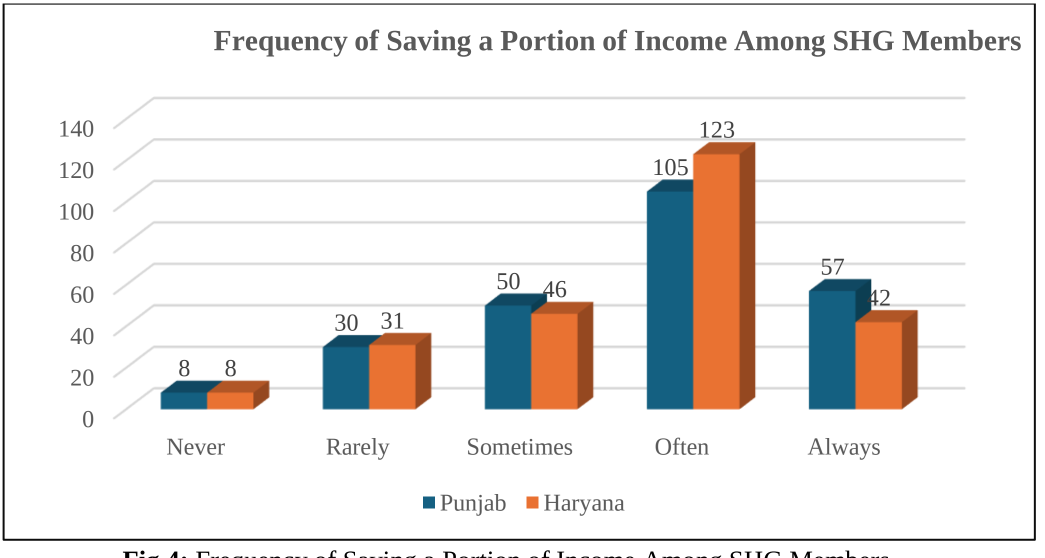

Fig.4: Frequency of Saving a Portion of Income Among SHG Members

The data on how often respondents are able to save a portion of their income indicates a generally positive trend in both Punjab and Haryana, with some notable differences in savings habits. In Punjab, 42% of respondents save a portion of their income often, and 22.8% always do so, making a total of 64.8% who regularly save. In Haryana, a higher percentage, 49.2%, save often, and 16.8% always do, resulting in a combined total of 66% who save regularly. Neutral responses, indicating sometimes, are similar in both states, with 20% in Punjab and 18.4% in Haryana. The proportion of respondents who never or rarely save is relatively low in both states, with 15.2% in Punjab (3.2% never and 12% rarely) and 15.6% in Haryana (3.2% never and 12.4% rarely). both states show a strong tendency towards regular saving, with Haryana reporting slightly higher regular saving rates compared to Punjab.

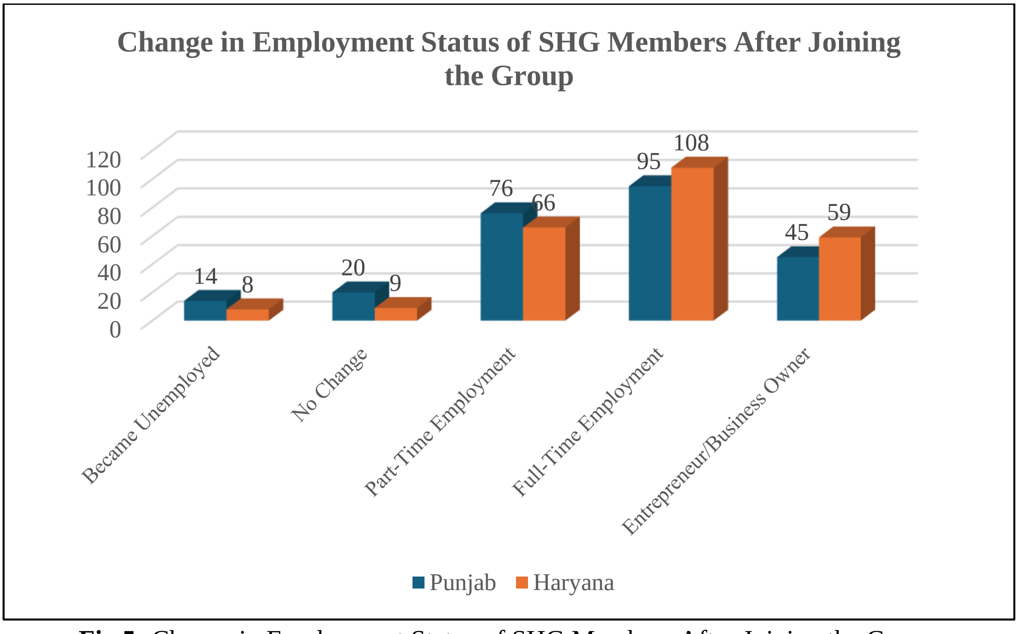

Fig.5: Change in Employment Status of SHG Members After Joining the Group

The data on changes in employment status since joining the Self-Help Group (SHG) reveals a generally positive shift in employment outcomes in both Punjab and Haryana. In Punjab, 38% of respondents reported moving into full-time employment, and 30.4% found part-time employment, resulting in a total of 68.4% experiencing positive employment changes. Additionally, 18% of respondents became entrepreneurs or business owners. In Haryana, 43.2% of respondents secured full-time employment, 26.4% achieved part-time employment, and 23.6% became entrepreneurs or business owners, totaling 93.2% with positive employment changes. The percentage of respondents whose employment status became unemployed is relatively low in both states, with 5.6% in Punjab and 3.2% in Haryana. A small percentage of respondents reported no change in employment status, with 8% in Punjab and 3.6% in Haryana. Overall, both states show significant improvements in employment outcomes, with Haryana reporting higher rates of full-time employment and entrepreneurship.

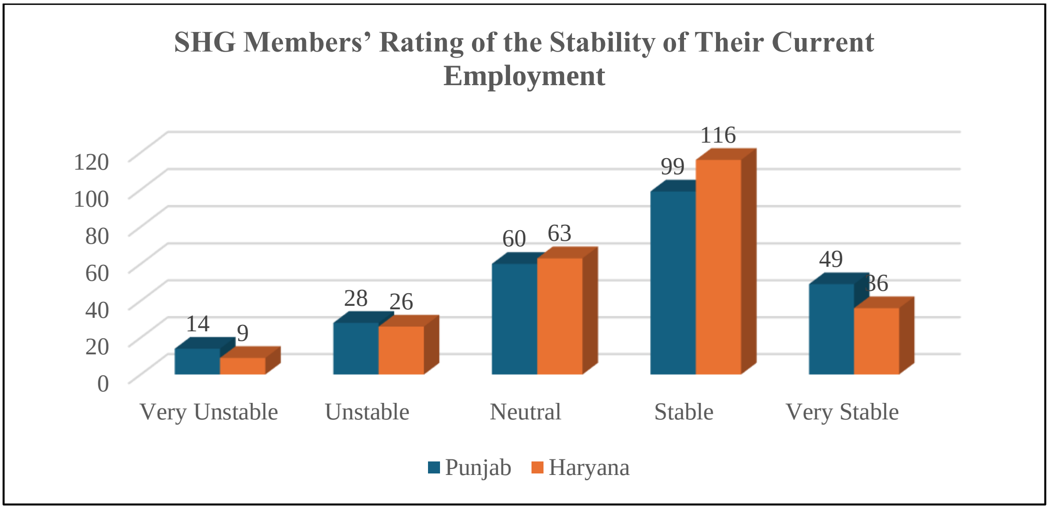

Fig.6: SHG Members' Rating of the Stability of Their Current Employment

The data on the stability of current employment reveals a generally positive perception in both Punjab and Haryana. In Punjab, 39.6% of respondents rated their employment as stable, and 19.6% rated it as very stable, resulting in a total of 59.2% perceiving their employment as stable. In Haryana, a higher percentage, 46.4%, rated their employment as stable, and 14.4% rated it as very stable, giving a combined total of 60.8% with stable employment. Neutral responses are similar in both states, with 24% in Punjab and 25.2% in Haryana. The proportion of respondents who find their employment very unstable or unstable is relatively low in both states, with 16.8% in Punjab (5.6% very unstable and 11.2% unstable) and 14% in Haryana (3.6% very unstable and 10.4% unstable). Overall, the majority of respondents in both states view their current employment as stable, with Haryana reporting a slightly higher percentage of stable employment.

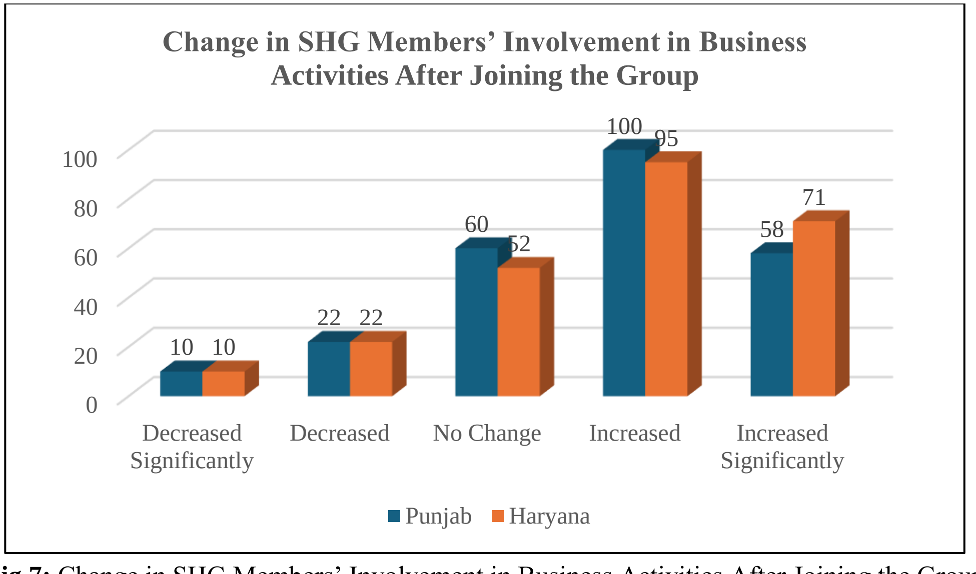

Fig.7: Change in SHG Members' Involvement in Business Activities After Joining the Group

The data on changes in involvement in business activities since joining the Self-Help Group (SHG) shows a generally positive trend in both Punjab and Haryana. In Punjab, 40% of respondents reported an increase in their business activities, and 23.2% reported a significant increase, leading to a total of 63.2% experiencing positive changes. In Haryana, 38% reported an increase, and 28.4% reported a significant increase, totaling 66.4% with improved business involvement. Neutral responses, indicating no change, are similar in both states, with 24% in Punjab and 20.8% in Haryana. The proportion of respondents who experienced a decrease in business involvement is relatively low in both states, with 12.8% in Punjab (4% significant decrease and 8.8% decrease) and 12.8% in Haryana (4% significant decrease and 8.8% decrease). Overall, the data reflects a positive impact of SHG membership on business activities, with both Punjab and Haryana showing substantial increases in involvement.

Chi-square

The Chi-square test was selected for this objective because the study examines whether bank finance has a significant association with different economic outcomes of Self-Help Group members in Punjab and Haryana. The variables used in the analysis are categorical in nature, as responses are recorded in groups such as decreased, no change, increased, satisfied, dissatisfied, stable, unstable, accessible, and inaccessible. Since the purpose is not to compare mean values but to test whether the observed response distribution differs significantly across economic indicators, the Chi-square test is appropriate. It helps determine whether the changes in income level, savings ability, employment status, business involvement, loan accessibility, profitability, and social well-being are statistically significant or occurred merely by chance. In this study, all Chi-square results show p-values of .000, which are less than 0.05, indicating a significant association between bank finance and economic improvement among SHG members. Therefore, the Chi-square test was chosen as it is suitable for analysing categorical survey responses and testing the significance of relationships between bank finance and economic empowerment indicators.

To include the hypothesis before presenting and using the Chi-square results, you should clearly state both the null hypothesis (H_0) and alternative hypothesis (H_1) for each analysis. This helps provide context to the statistical tests and enables a clearer understanding of the significance of the Chi-square values.

Here is an example of how you can introduce the hypothesis before showing the Chi-square results in your report:

Hypothesis

- Null Hypothesis (H_0): There is no significant relationship between bank finance duration and the social well-being of Self-Help Group (SHG) members.
- Alternative Hypothesis (H_1): There is a significant relationship between bank finance duration and the social well-being of Self-Help Group (SHG) members.

Punjab

Table 1. One-Sample Chi-Square Test Results for Economic Impact Indicators among SHG Members in Punjab

Economic impact indicator	Chi-Square (χ^2)	df	p-value
Change in income level since joining the SHG	122.92	4	< .001
Satisfaction with current income level due to SHG membership	75.52	4	< .001
Change in ability to save after receiving bank finance	75.04	4	< .001
Frequency of saving a portion of income	104.76	4	< .001
Change in employment status since joining the SHG	98.44	4	< .001
Stability of current employment	85.64	4	< .001
Change in involvement in business activities	100.96	4	< .001
Profitability of SHG-supported business activities	94.12	4	< .001
Accessibility of bank loans for the SHG	114.28	4	< .001
Satisfaction with interest rates on SHG loans	58.6	4	< .001
Duration of receiving bank finance	111.48	4	< .001
Impact of bank-finance duration on economic stability	75.68	4	< .001
Effectiveness of bank-provided financial-skills training	100.68	4	< .001
Frequency of support received from banks	69.28	4	< .001

The Chi-Square test results for Punjab clearly indicate a statistically significant economic impact of bank finance on the members of the Self-Help Groups (SHGs). All fourteen variables—such as change in income level, satisfaction with income, saving ability, employment status, employment stability, business involvement, profitability, loan accessibility, interest rate satisfaction, duration of bank finance, economic stability, training effectiveness, and bank supportshow high Chi-Square values with an Asymptotic Significance (p-value) of .000. Since $p < 0.05$ in all cases, the null hypothesis is rejected. This implies that there is a significant association between bank finance and the economic improvement of SHG members in Punjab. The results confirm that bank finance has positively influenced income growth, savings habits, employment opportunities, business profitability, and financial stability.Further, the assumption of the Chi-Square test is satisfied, as no cell has an expected frequency less than 5, and the minimum expected frequency is 50.0, ensuring the reliability and validity of the findings.

Haryana

Table 2. One-Sample Chi-Square Test Results for Economic Impact Indicators among SHG Members in Haryana

Economic impact indicator	**Chi-Square (χ^2)**	**df**	**p-value**
Change in income level since joining the SHG	133	4	< .001
Satisfaction with current income level due to SHG membership	79.2	4	< .001
Change in ability to save after receiving bank finance	75.04	4	< .001
Frequency of saving a portion of income	150.68	4	< .001
Change in employment status since joining the SHG	142.92	4	< .001
Stability of current employment	139.56	4	< .001
Change in involvement in business activities	97.08	4	< .001
Profitability of SHG-supported business activities	92.6	4	< .001
Accessibility of bank loans for the SHG	93.584	3	< .001
Satisfaction with interest rates on SHG loans	58.6	4	< .001
Duration of receiving bank finance	111.48	4	< .001
Effect of bank-finance duration on economic stability	75.68	4	< .001
Effectiveness of bank-provided financial-skills training	100.68	4	< .001
Frequency of support received from banks	69.28	4	< .001

The Chi-Square test results for Haryana reveal a statistically significant economic impact of bank finance on Self-Help Group (SHG) members. All fourteen variables—including income change, income satisfaction, saving ability, frequency of savings, employment status, employment stability, business involvement, business profitability, loan accessibility, satisfaction with interest rates, duration of bank finance, economic stability, training effectiveness, and bank support—show high Chi-Square values with an Asymptotic Significance (p-value) of .000. Since $p < 0.05$ in every case, the null hypothesis is rejected.These findings indicate a strong association between bank finance and the economic advancement of SHG members in Haryana. The significant values suggest improvements in income levels, savings capacity, employment stability, and business performance due to access to bank finance and related support services.Moreover, the assumptions of the Chi-Square test are satisfied, as no cells have expected frequencies below 5. The minimum expected frequencies (50.0 and 62.5) confirm the robustness and reliability of the statistical results.

Findings From Punjab

The Chi-Square test results for Punjab indicate that bank finance has a significant economic impact on Self-Help Group (SHG) members. All fourteen variables show statistically significant results ($p < 0.05$), confirming improvements in income level, satisfaction with income, and saving capacity after joining the SHG. Members reported increased ability to save regularly and better employment opportunities with improved employment stability. There is also significant enhancement in involvement in business activities and profitability of SHG-based enterprises. Accessibility of bank loans and satisfaction with interest rates are statistically significant, indicating positive perceptions toward financial services. The duration of receiving bank finance has contributed to improved economic stability. Training provided by banks and continuous institutional support have further strengthened members' financial skills and overall economic condition.

Findings From Haryana

Similarly, the findings for Haryana show a statistically significant economic impact of bank finance on SHG members ($p < 0.05$ for all variables). Income levels, savings behavior, and employment status have improved considerably after accessing bank finance. Members reported greater employment stability and increased participation in business activities, leading to higher profitability. Accessibility of bank loans and satisfaction with interest rates are also significant, reflecting effective financial inclusion. The duration of bank finance positively influences long-term economic stability. Additionally, training and regular support from banks play a crucial role in enhancing financial literacy and strengthening business performance. Overall, both Punjab and Haryana demonstrate that bank finance significantly contributes to the economic empowerment and financial stability of SHG members.

Discussion

The findings of the study strongly support earlier research highlighting the positive economic influence of Self-Help Groups (SHGs) and bank-linked financing on rural households. Similar to the observations of Kapila (2014) and Haque et al. (2014), the present study confirms that SHG participation significantly improves income levels, savings behavior, and employment opportunities among members. The majority of respondents in both Punjab and Haryana expressed satisfaction with increased income and enhanced saving capacity after receiving bank finance. Haryana reported comparatively better employment and entrepreneurial outcomes, indicating stronger institutional support and business participation. The results also align with Ganapathi (2017), who emphasized the role of SHGs in promoting women entrepreneurship and economic independence. However, the study identifies persistent challenges such as inadequate training, limited market access, and inconsistent institutional support, which were similarly reported by Lokhande et al. (2015) and Shikha Singh et al. (2019). The statistically significant Chi-square values demonstrate a strong relationship between bank finance and economic empowerment. Overall, the study highlights that financial assistance combined with effective institutional support leads to sustainable rural economic development.

Conclusion

The present study concludes that bank-linked financing through the SHG–Bank Linkage Programme has played a significant role in improving the economic well-being of Self-Help Group members in Punjab and Haryana. The analysis demonstrates that access to institutional credit has positively influenced various economic indicators, including income generation, savings behavior, employment opportunities, business participation, and financial stability. The majority of respondents reported noticeable improvements in their economic conditions after receiving bank finance, reflecting the effectiveness of SHGs as instruments of financial inclusion and rural development. The Chi-Square analysis confirmed a statistically significant association between bank finance and all major economic empowerment variables, leading to the rejection of the null hypothesis. The findings further indicate that Haryana has achieved comparatively better outcomes in employment generation, entrepreneurship development, and business expansion, while Punjab also recorded substantial economic progress among SHG members. Despite these positive outcomes, challenges such as inadequate training, limited market access, and inconsistent institutional support continue to hinder the long-term sustainability of SHG enterprises. Therefore, policymakers, banks, and development agencies should strengthen financial literacy programmes, entrepreneurship training, skill development initiatives, and market linkage support to maximize the benefits of SHG financing. Overall, the SHG–Bank Linkage Programme remains a powerful tool for enhancing economic empowerment, reducing poverty, promoting women's participation in economic activities, and fostering inclusive and sustainable rural development in India.

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