



Indian Knowledge Systems and Women Entrepreneurship: Promoting Sustainable Development Through Women Self-Help Groups Under Uttar Pradesh State Rural Livelihood Mission (UPSRLM)

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Abstract

Indian Knowledge Systems (IKS) have traditionally emphasized community participation, self-reliance, responsible use of local resources and sustainable ways of living. These ideas are increasingly relevant in rural development, where women's Self-Help Groups (SHGs) are creating new opportunities for entrepreneurship and economic empowerment. This paper examines how women SHGs under the Uttar Pradesh State Rural Livelihood Mission (UPSRLM) contribute to sustainable development by combining local knowledge, collective efforts and modern livelihood opportunities.

The study follows a mixed-method approach, using both quantitative and qualitative data. Quantitative analysis focuses on indicators such as the number of SHGs and members, access to credit, financial inclusion, livelihood activities, enterprise development and income generation. Qualitative analysis examines changes in women's decision-making, confidence, economic independence, social participation and the use of traditional knowledge in livelihood activities. Government reports, UPSRLM and DAY-NRLM data, along with selected examples of Mahila Kisans, BC Sakhis, Vidyut Sakhis and SHG-based enterprises, are used to understand these changes.

The paper argues that SHGs should not be viewed only as poverty-reduction programmes. They are also becoming important platforms through which women develop entrepreneurial skills, build social networks and convert local knowledge and resources into sustainable livelihoods. The study further explores how financial support, digital access, skill development and market linkages can strengthen these efforts.

By connecting Indian Knowledge Systems with women's entrepreneurship and community-based institutions, the paper highlights a locally rooted approach to sustainable development. It concludes that strengthening women SHGs under UPSRLM can contribute to women's economic empowerment, livelihood security, inclusive growth and the broader goals of the Sustainable Development Goals and Viksit Bharat @2047.

Keywords: Indian Knowledge Systems, Women Entrepreneurship, Self-Help Groups, Sustainable Development, UPSRLM.

1. Introduction

"The future of India lies in its villages." This frequently cited observation associated with Mahatma Gandhi provides an appropriate starting point for understanding the continuing importance of rural institutions in India's development journey. The contemporary rural economy, however, is changing rapidly. Rural development is no longer limited to agricultural production or poverty reduction. It increasingly includes financial inclusion, digital connectivity, entrepreneurship, market access, skill development and the participation of women in local economic decision-making. Within this changing landscape, women's Self-Help Groups (SHGs) have emerged as important grassroots institutions. The central idea is simple but powerful: women who individually possess limited financial and bargaining capacity can collectively build savings, access institutional credit, undertake economic activities and develop stronger relationships with

markets and public institutions. The original abstract of this study similarly identifies SHGs as spaces where “local knowledge, collective efforts and modern livelihood opportunities” can come together.

This institutional approach has considerable significance in Uttar Pradesh because of the scale of its rural population and the reach of the Uttar Pradesh State Rural Livelihood Mission (UPSRLM). The Mission operates through community-based organisations and SHGs and increasingly connects women with banking, agriculture, enterprise development and digital services.

The connection with Indian Knowledge Systems (IKS) is particularly significant. IKS should not be understood merely as a collection of ancient texts or cultural practices. The Ministry of Education describes Indian Knowledge Systems as knowledge that has evolved through experience, observation, experimentation and rigorous analysis, extending into areas including agriculture, environment, governance, commerce and other dimensions of life. The official IKS framework also emphasises the idea of knowledge directed towards collective welfare.

This paper therefore explores a broader question: Can women’s SHGs become institutional spaces where traditional knowledge, collective action and modern entrepreneurship reinforce one another to produce sustainable rural development?

2. Understanding Indian Knowledge Systems in the Context of Rural Development

The contemporary discussion around IKS has often focused on education, medicine, agriculture, architecture, mathematics and philosophy. Yet its relevance extends to the everyday organisation of economic and social life. The Ministry of Education’s discussion of IKS explicitly recognises knowledge relating to agriculture, environment, governance, conservation, manufacturing and commerce.

For rural development, three broad principles are particularly relevant.

First is community orientation. Traditional Indian social and economic practices frequently relied on cooperation among families, occupational groups and communities. SHGs similarly operate on the principle that collective organisation can overcome individual limitations.

Second is local resource utilisation. Rural communities possess knowledge about crops, livestock, food processing, crafts, water management and other livelihood practices. When such knowledge is combined with scientific training, modern finance and market information, it can become an economic resource without necessarily being detached from local conditions.

Third is the principle of sustainability. The Ministry of Education notes that Indian knowledge traditions contain approaches concerned with sustainable living and collective welfare. This is particularly important at a time when climate change, resource degradation and livelihood insecurity are affecting rural communities.

The objective, therefore, should not be to romanticise every traditional practice. Traditional knowledge must be evaluated critically, scientifically documented and adapted where necessary. The more productive approach is to identify those practices that are environmentally responsible, economically viable and socially useful, and connect them with contemporary knowledge.

3. Women’s SHGs as Institutions of Economic Empowerment

The SHG model has evolved substantially in India. Under the Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM), the primary objective is to organise rural poor women into community institutions and support them until their livelihoods and incomes improve.

The scale of this transformation is significant. As of December 2025, 10.05 crore rural households had been mobilised into 90.91 lakh SHGs under DAY-NRLM. Bank Sakhis had helped women SHGs access institutional credit amounting to ₹12.18 lakh crore since the Mission’s inception, while 5.88 lakh enterprises had been supported under the entrepreneurship component of DAY-NRLM.

This demonstrates a transition from the older understanding of SHGs as savings-and-credit groups towards a broader institutional model. SHGs now function as platforms for financial literacy, enterprise formation, agricultural livelihoods, digital services and social participation.

The importance of credit is equally visible. By June 2025, cumulative bank loans to women SHGs under DAY-NRLM had crossed ₹11 lakh crore. This scale of institutional credit suggests that women's collective organisations have become an important component of India's rural financial architecture.

However, credit alone does not create sustainable entrepreneurship. Women also require skills, information, technology, raw materials, market access and institutional support. Consequently, the quality of the SHG ecosystem is more important than the mere number of groups formed.

4. UPSRLM and the Institutional Architecture in Uttar Pradesh

Uttar Pradesh provides an important case for studying this transformation. UPSRLM data currently indicate approximately **3,81,205 SHGs, 40,32,189 SHG members, 17,292 Village Organisations and 1,108 Cluster-Level Federations**.

The scale of this network is significant because it creates an institutional bridge between individual women and higher-level public and financial institutions. The SHG becomes the basic unit, while Village Organisations and Cluster-Level Federations create possibilities for coordination, aggregation and collective decision-making.

The Mission's financial inclusion architecture is particularly noteworthy. The BC Sakhi programme seeks to place women banking correspondents within Gram Panchayats so that banking services can reach communities where conventional bank branches may be distant. UPSRLM reports that its BC Sakhi initiative was designed around the principle of "one Gram Panchayat, one BC Sakhi."

The official UPSRLM portal currently records more than 2.16 lakh BC applications, 52,192 trained candidates, 36,219 trained and certified candidates, and 15,018 operational BC Sakhis.

The BC Sakhi model is important from an entrepreneurship perspective because women are not simply beneficiaries of financial services; they become providers of financial services. UPSRLM reports that the programme provides initial financial support of ₹4,000 per month for six months, after which BC Sakhis earn commissions linked to transactions.

This represents a significant institutional shift: a rural woman who may previously have been excluded from formal financial decision-making can become an intermediary between the banking system and her own community.

5. Quantitative Evidence from Uttar Pradesh

The expansion of SHGs in Uttar Pradesh can be observed through national DAY-NRLM data as well. As of 31 January 2025, Uttar Pradesh had **8,42,101 SHGs** under DAY-NRLM, covering **95,09,884 mobilised households**.

The state also demonstrated strong performance in financial support. During FY 2024–25, against a target of ₹1,14,137 lakh in capitalisation support, Uttar Pradesh achieved ₹1,23,326 lakh by 28 February 2025.

In terms of loan disbursement, Uttar Pradesh had a target of ₹2,50,000 lakh and achieved ₹2,50,522 lakh by the same date. These figures are important for two reasons. First, they show that women's collective institutions have acquired substantial financial capacity. Second, they indicate that rural women's entrepreneurship cannot be separated from the formal financial system.

Yet the most interesting evidence emerges when financial inclusion is combined with livelihood transformation.

6. Mahila Kisans and the IKS–Sustainability Connection

Agriculture provides one of the strongest points of connection between IKS and contemporary rural entrepreneurship. Indian rural communities have accumulated knowledge concerning seeds, crop cycles, livestock, soil, water and ecological adaptation over generations.

DAY-NRLM's farm livelihoods component increasingly promotes agro-ecological practices through women SHG members known as Mahila Kisans. Government data show that Uttar Pradesh had **11,37,950 Mahila Kisans covered under agro-ecological practices**, placing it among the leading states in this area.

This is where IKS can acquire practical relevance. Local ecological knowledge may inform decisions about crops, livestock and resource use, while scientific extension services can test and improve these practices. The result need not be a conflict between "traditional" and "modern" knowledge. Instead, sustainable entrepreneurship can emerge from their combination.

For example, a woman farmer who uses locally adapted agricultural knowledge can be supported with modern information about soil health, weather, digital payments, institutional credit, packaging and market prices. Her knowledge becomes economically valuable when supported by institutional infrastructure.

The approach also contributes to climate resilience. Government policy under DAY-NRLM recognises agro-ecological practices as a means of reducing cultivation costs, improving production and building resilience to climate challenges.

Thus, women's entrepreneurship in agriculture can be understood not only as income generation but also as a form of sustainable resource management.

7. From Financial Inclusion to Women Entrepreneurship

One of the most important changes associated with SHGs is the gradual movement from savings and credit towards enterprise creation.

The Start-up Village Entrepreneurship Programme (SVEP), a component of DAY-NRLM, supports rural enterprises. By December 2025, 5.88 lakh enterprises had been supported nationally under the entrepreneurship component.

The significance of such programmes lies in diversification. Rural women may engage in food processing, livestock-related activities, tailoring, handicrafts, agricultural value addition, small retail businesses, service provision or other locally viable enterprises.

However, entrepreneurship should not be measured simply by the number of businesses started. Sustainable entrepreneurship requires at least four conditions: productive capability, financial viability, market access and continuity.

This is why digital and physical market linkages matter. Government initiatives have attempted to connect SHG products with Saras outlets, GeM and e-commerce platforms. By 2025, SHG products were being supported through platforms including Flipkart Samarth, Amazon Saheli, Meesho and the government's eSARAS platform.

The policy implication is clear: the SHG-to-market chain must become as strong as the SHG-to-bank chain.

8. Digital Inclusion and the New Rural Woman Entrepreneur

Digitalisation is changing the meaning of rural entrepreneurship. A woman entrepreneur today may require not only production skills but also the ability to receive digital payments, access banking applications, communicate with customers, compare prices and market products online.

The BC Sakhi model illustrates this transformation particularly well. UPSRLM describes BC Sakhis as women who provide banking services in areas without adequate physical banking infrastructure.

This creates a form of **social entrepreneurship** in which the entrepreneur simultaneously earns an income and provides a public service.

The same principle can be extended to SHG-based enterprises. Digital platforms can reduce the geographical limitations traditionally faced by rural women. A locally produced item no longer has to depend entirely on a village-level market.

Nevertheless, digital access remains unequal. Digital literacy, smartphone ownership, connectivity, language barriers and confidence in online transactions can affect women differently. Therefore, digital entrepreneurship programmes should be accompanied by practical training rather than merely providing technological access.

9. SHGs and Social Empowerment

The economic dimension of SHGs is only one part of their significance. The original abstract identifies changes in decision-making, confidence, economic independence and social participation as important qualitative dimensions of the study.

The SHG meeting itself can become a space where women learn to speak, negotiate, maintain records, interact with banks and engage with government officials. Such experiences can gradually increase public participation.

This is important because entrepreneurship is not simply about money. It involves confidence, risk-taking, negotiation and the capacity to make decisions.

NITI Aayog's SDG India Index 2023-24 provides a broader national context. India's SDG Goal 5 score improved from 36 in 2018 to 49 in 2023-24. The same framework reports an improvement in the female-to-male labour-force participation ratio and notes that 88.7% of married women participate in three major household decisions according to NFHS-5.

These national indicators cannot be attributed entirely to SHGs. Nevertheless, they demonstrate the wider policy environment in which women's economic participation is being strengthened.

10. SHGs, Sustainable Development Goals and Viksit Bharat @2047

The SHG model has a direct relationship with several Sustainable Development Goals.

SDG 1 (No Poverty) is addressed through savings, credit and livelihood generation.

SDG 5 (Gender Equality) is advanced by improving women's economic agency and participation in decisions.

SDG 8 (Decent Work and Economic Growth) is connected with entrepreneurship and livelihood diversification.

SDG 10 (Reduced Inequalities) is supported when marginalised women gain access to finance and markets.

SDG 12 (Responsible Consumption and Production) can be strengthened through local resource utilisation and sustainable production practices.

SDG 13 (Climate Action) connects particularly with agro-ecological livelihoods and climate-resilient agriculture.

NITI Aayog's SDG India Index 2023-24 emphasises that India's federal structure requires SDG localisation because states and local institutions play a central role in translating national goals into local outcomes.

In this sense, UPSRLM offers an example of SDG localisation through community institutions.

The same approach also fits the broader vision of Viksit Bharat @2047. Development cannot be considered complete if economic growth excludes rural women. A developed India requires not merely higher GDP but stronger human capabilities, inclusive institutions, productive employment and sustainable communities.

11. Challenges

Despite significant progress, several challenges remain

First, credit does not automatically become enterprise success. Women may receive loans without adequate market knowledge, technical training or risk-management capacity.

Second, there is a continuing market-access challenge. Rural products often face difficulties related to packaging, branding, quality certification, logistics and consistent demand.

Third, the relationship between IKS and entrepreneurship requires careful documentation and validation. Not every traditional practice is necessarily sustainable or economically viable. IKS should therefore be examined through scientific and evidence-based methods rather than romanticised.

Fourth, digital inequality can limit the benefits of e-commerce and digital finance.

Fifth, the benefits of SHG participation may differ across regions and social groups. State-level averages can hide differences between districts, communities and individual households.

Finally, the present study itself has a methodological limitation. Although the original abstract proposes a mixed-method approach, the available evidence for this paper consists primarily of secondary government and institutional data. Consequently, the qualitative findings should be interpreted as analytical conclusions from documented programmes rather than as results from a primary household survey.

Policy Recommendations

The analysis suggests several measures for strengthening the IKS-SHG-entrepreneurship connection.

First, develop IKS-based livelihood clusters. District-level SHG programmes can identify local knowledge related to agriculture, food processing, crafts, natural resources and traditional production and connect them with modern enterprise development.

Second, strengthen the SHG-to-market pathway. Financial credit should be complemented with branding, packaging, certification, logistics, e-commerce training and market intelligence.

Third, create IKS documentation cells within rural livelihood institutions. Such cells could document local practices and identify those with potential environmental and economic value.

Fourth, expand digital entrepreneurship training. Women should receive practical training in digital payments, online banking, e-commerce, social-media marketing and digital bookkeeping.

Fifth, strengthen women-led financial institutions. The BC Sakhi model demonstrates that women can become trusted financial intermediaries within their own communities. Such models should be expanded with continuous technological and financial support.

Sixth, measure outcomes rather than only inputs. Evaluation should track changes in income, enterprise survival, household decision-making, asset ownership, market access and environmental outcomes.

Seventh, strengthen convergence. UPSRLM can work more closely with agriculture, MSME, skill development, banking, Panchayati Raj and digital governance institutions so that SHG members do not have to navigate fragmented systems.

12. Conclusion

The story of women's SHGs in Uttar Pradesh is increasingly becoming a story of institutional transformation. What began primarily as a mechanism for savings, credit and poverty reduction is evolving into a broader ecosystem of entrepreneurship, financial inclusion, agricultural innovation and social participation.

The evidence supports this transition. UPSRLM currently reports more than 3.8 lakh SHGs and over 40 lakh members within its community-based institutional architecture. At the national level, DAY-NRLM has mobilised more than 10 crore rural women into over 90 lakh SHGs, while institutional credit and enterprise support have expanded dramatically. Uttar Pradesh has also demonstrated strong performance in capitalisation support and has covered more than 11 lakh women under agro-ecological livelihood practices.

These developments become particularly meaningful when viewed through the lens of Indian Knowledge Systems. IKS provides a conceptual framework centred on experience, community, responsible resource use, sustainability and collective welfare. Modern rural development programmes provide finance, technology, training and market access. SHGs can serve as the institutional bridge between these two worlds.

The central argument of this paper is therefore not that traditional knowledge alone can solve contemporary rural problems. Rather, it is that locally rooted knowledge can become more productive when combined with modern institutions, scientific validation, digital technologies, formal finance and market opportunities.

Women are at the centre of this process. When a woman becomes a Mahila Kisan, BC Sakhi or entrepreneur, she is not simply receiving a government benefit. She can become a producer, service provider, financial intermediary, knowledge-holder and community-level economic actor.

This is why SHGs should be viewed as more than poverty-reduction instruments. They are emerging as institutions of women-led development. Their future potential lies in moving from group formation to enterprise sustainability, from credit access to value creation, and from isolated livelihood activities to integrated local economies.

For Uttar Pradesh, strengthening this ecosystem can contribute simultaneously to women's empowerment, sustainable livelihoods, financial inclusion, rural resilience and SDG localisation. More importantly, it can provide a development model in which the modern and the traditional are not treated as opposites. Instead, local knowledge, collective institutions and contemporary innovation can work together.

In that sense, the most valuable contribution of IKS to rural entrepreneurship may not be the revival of the past, but the intelligent adaptation of useful knowledge for the challenges of the future. Such an approach can make women's SHGs an important institutional foundation for inclusive development and for the larger vision of Viksit Bharat @2047.

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