

# Self-Help Groups and Farmer Producer Organizations: Empowering Women and Youth in Rural India

ARTICLE ID: 0333

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In rural India, women and youth play a central role in agricultural production, household food security, and livelihoods. Despite their contributions, structural barriers such as limited access to land, finance, technology, and markets constrain their economic participation. Self-Help Groups (SHGs) and Farmer Producer Organizations (FPOs) have emerged as grassroots institutions addressing these challenges through collective action, capacity building, and market integration. This article examines the complementary roles of SHGs and FPOs in promoting inclusive rural development, with a case study of Raskum Mahila Sajiv Khet Utpadak Mandali Farmer Producer Company Limited (RASKUM), Gujarat, highlighting their impact on income enhancement, social empowerment, and youth engagement.

Women and youth are integral to India's rural economy, contributing significantly to agriculture and allied sectors. However, persistent constraints—limited asset



ownership, inadequate credit access, weak market linkages, and low participation in decision-making—restrict their potential. In response, institutional mechanisms such as SHGs and FPOs have gained prominence as vehicles of collective empowerment, enabling marginalized groups to access resources,

build skills, and engage more effectively with markets.

### **Self-Help Groups: Engines of Inclusion and Empowerment**

Self-Help Groups, promoted under NABARD and the Deendayal Antyodaya Yojana–National Rural Livelihoods Mission (DAY-NRLM), form the backbone of women-centric rural development initiatives. Typically comprising 10–20 women, SHGs encourage regular savings and provide internal lending based on mutual trust and collective decision-making. India hosts over 76 lakh SHGs with more than 8 crore women members (NRLM, 2023). Participation in SHGs has enhanced financial inclusion, increased access to institutional credit, and diversified livelihoods through activities such as dairy, poultry, tailoring, food processing, and micro-enterprise development. Beyond economic benefits, SHGs foster social empowerment by strengthening confidence, leadership, communication skills, and participation in household and community governance (NABARD, 2022).

Moreover, SHGs act as platforms for addressing broader social concerns, including health, nutrition, sanitation, education, and gender equity, thereby functioning as agents of social transformation.

### **FPOs: Platforms for Market Linkages, Skills and Youth Participation**

Farmer Producer Organizations are collective enterprises designed to strengthen small and marginal farmers through aggregation, value addition, and market integration. Supported by SFAC, NABARD, and state governments, FPOs facilitate access to

quality inputs, improved technologies, and structured markets while reducing transaction costs and price exploitation.

FPOs are increasingly important for attracting rural youth by promoting agribusiness orientation, entrepreneurship, digital tools, and value-chain participation. Leadership roles within FPOs provide opportunities to develop managerial and organizational competencies.

Women-led and women-inclusive FPOs further enhance bargaining power and visibility in markets, contributing to income growth and resilience among smallholders (Singh et al., 2019).

### **Combined Impact: Social Capital, Livelihoods and Rural Transformation**

SHGs and FPOs operate synergistically: SHGs focus on household-level financial inclusion and social cohesion, while FPOs strengthen community-level entrepreneurship and market engagement. Together, they build social capital, enhance collective bargaining, generate employment, stabilize incomes, and reduce distress migration.

Despite their success, challenges persist, including limited access to advanced training, inadequate working capital, weak governance, low digital literacy, and gender gaps in leadership. Addressing these constraints through targeted capacity building and institutional support remains critical.

### **Case Study: Raskum Mahila Sajiv Khet Utpadak Mandali Farmer Producer Company Limited (RASKUM), Gujarat**

Established in July 2021 in Dahod district under DAY-NRLM, RASKUM exemplifies effective SHG–FPO

convergence in empowering tribal women farmers (Jha & Singh, 2025). Originating from women-led SHG networks, RASKUM transitioned into a registered producer company, enabling collective participation in markets.

Initially mobilizing over 100 tribal women farmers engaged mainly in maize cultivation, RASKUM facilitated aggregation and collective marketing, improving price realization and reducing intermediary dependence (Singh et al., 2019; Anand et al., 2023). Capacity-building initiatives in input procurement, post-harvest management, grading, storage, bookkeeping, and marketing enhanced operational efficiency. Participating households reported income increases of 20–30%.

An example of enterprise diversification emerged when a women's group associated with RASKUM provided catering services for an event at the Institute of Rural Management Anand (IRMA), demonstrating how SHG skills linked with FPO market exposure can generate non-farm income (Jha & Singh, 2025).

### Outcomes

**Economic Gains:** Access to institutional credit, quality inputs, storage, and collective transport shifted farming from subsistence to commercial orientation (Biswas et al., 2025; Kumar et al., 2023).

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**Social Empowerment:** SHG foundations strengthened financial literacy, leadership capabilities, and confidence among women members.

**Institutional Synergy:** RASKUM illustrates how SHGs build social cohesion and savings discipline, while FPOs provide scale, formal market access, and business orientation—aligning with broader empirical evidence (Singh et al., 2019; Anand et al., 2023).

### Conclusion

SHGs and FPOs have emerged as pivotal grassroots institutions advancing inclusive rural development by enabling women and youth to overcome constraints related to finance, skills, technology, and markets. While SHGs enhance social capital and household-level empowerment, FPOs offer community-level scale and entrepreneurial opportunities. The RASKUM case demonstrates how SHG–FPO linkages translate into higher farm incomes, enterprise diversification, youth engagement, and strengthened decision-making power for tribal women. Strengthening governance, working capital access, digital inclusion, and gender-responsive support systems will be essential to scale such models and position SHGs and FPOs as pillars of sustainable rural transformation in India.

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