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Economic Empowerment of Women in Andhra Pradesh

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Abstract

Economic empowerment of women is widely regarded as a cornerstone of inclusive and sustainable development. Andhra Pradesh offers an instructive case: since the 1980s the state has combined a strong tradition of grassroots mobilisation with successive government programmes, a large self-help group (SHG) movement, and, more recently, MSME promotion, free public transport and digital-inclusion initiatives. Drawing on the empowerment framework of resources, agency and achievements (Kabeer, 1999) and on secondary sources, this paper traces the evolution of women's economic empowerment policy in the state, reviews published evidence on its outcomes, and identifies the constraints that limit its reach. The analysis suggests that SHG-based collective institutions have expanded women's access to credit, assets and public participation, with the strongest gains among poorer and tribal households, but that income, decision-making and occupational gains are less uniform than access gains. Newer interventions on mobility, entrepreneurship and digital services are promising yet still too recent for rigorous evaluation. The paper concludes with a policy agenda built around digital and financial capability, SHG-bank linkages, enterprise incubation, safe mobility, and gender-responsive budgeting with sex-disaggregated monitoring.

Keywords: *women's economic empowerment; self-help groups; Andhra Pradesh; DWCRA; Indira Kranti Patham; MSME; digital inclusion; gender budgeting*

1. Introduction

Women's economic empowerment is both a matter of rights and of economic efficiency. Empowerment can be understood as the expansion of people's ability to make strategic life choices in a context where this ability was previously denied (Kabeer, 1999). In economic terms it implies that women can participate in, contribute to and benefit from economic activity on equal terms with men, with real control over income, assets and time. Sen (1999) frames this as an expansion of substantive freedoms, while Duflo (2012) shows that empowerment and economic development reinforce one another but do not automatically drive each other, which makes deliberate policy necessary.

India's women face a persistent gap between educational attainment and labour-market outcomes, with low and unevenly measured workforce participation, concentration in informal and unpaid work, and limited ownership of land and productive assets. Andhra Pradesh has attempted to close these gaps through a distinctive institutional route. Rather than relying only on individual transfers, the state has organised poor women into groups, federated those groups into village, mandal and district institutions, and used them as the delivery channel for credit, livelihoods and public services. This approach is now being extended to urban areas and to digital services.

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The paper pursues three objectives: (i) to trace the evolution of the state's major policy interventions for women's economic empowerment; (ii) to synthesise available evidence on their socio-economic outcomes; and (iii) to identify the principal constraints and suggest a practicable policy agenda. Four drivers of empowerment in the state are examined: government schemes for rural and urban women, SHG-based financial inclusion, MSME development linked to poverty alleviation, and digital literacy and entrepreneurship programmes.

2. Conceptual Framework and Methodology

The analysis follows Kabeer's (1999) three interrelated dimensions of empowerment. **Resources** are the pre-conditions, such as credit, assets, skills and mobility. **Agency** is the capacity to define goals and act on them, including decision-making within the household and participation in community institutions. **Achievements** are the outcomes, such as income, asset ownership, schooling for children and voice in governance. Because access to resources does not guarantee agency, and agency does not guarantee achievements, the paper distinguishes between these levels when assessing programmes (see also Malhotra, Schuler and Boender, 2002).

The study is descriptive and analytical and rests wholly on secondary sources: peer-reviewed evaluations, official programme documents of the Government of Andhra Pradesh and the Society for Elimination of Rural Poverty (SERP), national surveys such as the National Family Health Survey (NFHS-5, 2019â€“21), and press releases on recent schemes. Programme details for schemes launched from 2025 are taken from government announcements and should be read as descriptions of design rather than verified outcomes.

3. Policy Evolution and Government Initiatives

The state's approach has developed in three overlapping phases: a welfare and group-formation phase from the 1980s, an institution-building phase from the late 1990s, and a diversification phase, covering enterprise, mobility and digital services, from the 2010s onward. Table 1 summarises the main interventions.

Table 1: Major interventions for women's economic empowerment in Andhra Pradesh

Intervention	Period	Core design	Primary pathway
DWCRA	From the 1980s	Thrift and credit groups of poor rural women with revolving funds for micro-enterprise	Savings, credit, income generation
Velugu / Indira Kranti Patham (IKP)	From 2000; renamed IKP later	SHG federations at village, mandal and district levels, delivered through SERP	Credit, livelihoods, collective voice
SHG-bank linkage and interest support	Ongoing	Bank credit to SHGs, with interest subvention for timely repayment	Low-cost credit, financial inclusion
MSME promotion	Current policy phase	Industrial parks, capital subsidies for women entrepreneurs, incubation support	Enterprise ownership, non-farm jobs
Digi-Lakshmi (2025)	2025 onward	Common Service Centres in urban local bodies run by SHG women	Digital services, urban micro-enterprise
Free RTC bus travel for women (2025)	From 15 August 2025	Free travel on state-run buses for women	Mobility, access to work and education

Source: compiled by the authors from programme documents and government announcements. Design features of the 2025 schemes are as announced and are not outcome findings.

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3.1 Development of Women and Children in Rural Areas (DWCRA)

Introduced in the 1980s as a sub-component of the national rural development effort, DWCRA organised poor rural women into small groups that pooled savings and received a revolving fund to start income-generating activities. Andhra Pradesh was among the states that implemented it most extensively. Its enduring contribution was to normalise the group as the unit of women's economic participation: regular meetings, thrift and internal lending built the habits and social capital on which later programmes drew. Its limitations were equally instructive, including heavy dependence on government subsidy, uneven group quality and weak market linkages.

3.2 Velugu and Indira Kranti Patham (IKP)

IKP, which grew out of the Velugu programme and is implemented by SERP, is the flagship rural poverty-reduction programme and rests on the SHG as its building block. SHGs are federated into village organisations (VOs), mandal samakhyas and zilla samakhyas, which handle bulk bank credit, community-managed procurement, social-protection support and monitoring. The best-known rigorous evaluation of this model in the state, by Deininger and Liu (2013), found that participation raised consumption, nutritional intake and asset accumulation, and strengthened women's participation in public affairs, with stronger effects among the poorest households and among Scheduled Tribe women, and larger gains with longer exposure to the programme. These findings fit the paper's resources-and-agency framework: collective institutions appear to compensate for individual disadvantage most where that disadvantage is greatest.

3.3 Digi-Lakshmi Scheme (2025)

Digi-Lakshmi extends the SHG model to urban poor women. As announced, it envisages 9,034 Common Service Centres (CSCs) across urban local bodies, managed by SHG women and offering over 250 public and private services, under a vision of "One Family, One Entrepreneur". Its significance lies in treating digital service delivery as a livelihood: women become service providers rather than only service recipients. Whether it succeeds will depend on reliable connectivity, training, a viable fee structure and the willingness of departments to route services through these centres.

3.4 Free Public Transport for Women

The scheme of free travel for women on state road transport buses was scheduled to begin on 15 August 2025. Transport is a recognised constraint on women's labour-market participation, because distance, cost and safety concerns narrow the set of jobs, colleges and markets that women can reach. Free fares should raise effective mobility and may expand access to education and employment, particularly for low-income women. Two caveats apply: the fiscal burden on the transport corporation and the quality of bus services will determine sustainability, and the labour-market effects remain to be measured.

4. MSMEs and Women's Entrepreneurship

The state is integrating MSME development with poverty elimination, on the premise that micro and small enterprises are the largest employment generators outside agriculture and the most accessible entry route for first-generation women entrepreneurs. Announced elements include a plan for 175 MSME industrial parks, one per assembly constituency; a capital subsidy of up to 45 per cent for women entrepreneurs; and an innovation hub named after Ratan Tata to support women-led start-ups with research and development and access to venture capital. Together these address three barriers identified in the literature: lack of finance, lack of premises and infrastructure, and lack of networks and mentoring.

Evidence cautions, however, that credit alone is not enough. A randomised evaluation of microfinance in Hyderabad found increased investment in existing businesses and durable goods but no transformative average effect on household income or on measured women's empowerment over the study period (Banerjee et al., 2015). The implication for Andhra Pradesh is that subsidies and parks should be paired with skills, market access, business-development services and graduation pathways from SHG micro-enterprise to small firm. The announced SHG-to-SME transition under SERP and Digi-Lakshmi is therefore the most important element to track.

5. Role of Self-Help Groups

SHGs are the backbone of rural women's empowerment in the state, and their effect operates through four channels.

- **Savings and credit.** Regular thrift builds a financial habit and a pool for internal lending, while the bank linkage unlocks external credit at lower cost than informal moneylenders (Reddy and Manak, 2005).
- **Collective bargaining.** Groups negotiate with banks, input suppliers and buyers more effectively than individuals, and community-managed procurement and marketing can raise realised prices.
- **Leadership and decision-making.** Village and mandal federations create leadership roles, training in bookkeeping and meeting management, and a platform from which women contest local governance. Swain and Wallentin (2009) report significant gains in empowerment indicators for SHG members relative to non-members in India.
- **Convergence.** SHG federations serve as delivery channels for health, nutrition, social-protection and now digital services, which lowers transaction costs for government and households alike.

The caution is that group membership is not equivalent to empowerment. Loans taken in a woman's name may be controlled by male relatives, repayment pressure can push borrowers into multiple indebtedness, and the quality of groups varies. Monitoring must therefore measure control and decision-making, not only loan disbursement and repayment.

6. Socio-Economic Outcomes

Table 2 organises the reported outcomes by indicator and by the level of empowerment they represent and indicates the strength of the supporting evidence. The paper does not report new primary estimates; indicators for which only descriptive or programme-reported evidence exists are marked accordingly, and state-level figures from NFHS-5 and the Periodic Labour Force Survey should be added from the published tables when the paper is finalised.

Two patterns emerge. First, gains are clearest at the level of resources and participation, and are strongest for the poorest and for tribal women, suggesting that targeted collective institutions have progressive effects. Second, gains in intra-household bargaining power and in sustained income are harder to demonstrate, which is consistent with broader findings that empowerment does not follow mechanically from credit (Duflo, 2012; Banerjee et al., 2015).

Table 2: Outcome indicators and strength of evidence

Indicator	Empowerment level	Reported outcome	Evidence base
Access to credit	Resources	Increased through SHG-bank linkage and government schemes	Rigorous and programme evidence (Deininger and Liu, 2013)
Asset ownership	Resources / achievements	Growth in livestock, consumer durables and non-farm assets	Rigorous evaluation of the SHG model
Income and consumption	Achievements	Positive for consumption in the SHG programme; income gains less uniform	Mixed (Deininger and Liu, 2013; Banerjee et al., 2015)
Children's education	Achievements	Higher school attendance among children of SHG members	Programme-level and survey evidence
Participation and voice	Agency	Greater involvement in village meetings and local governance	Rigorous and qualitative evidence
Mobility	Resources	Expected improvement through free transport and digital kiosks	Too recent; not yet evaluated
Digital access	Resources / agency	Service delivery via SHG-run CSCs	Design stage; not yet evaluated

Source: synthesis by the authors from the studies cited.

7. Challenges

- **Digital divide.** Poor connectivity, limited device ownership and low digital literacy, especially in remote and tribal mandals, limit the reach of technology-based schemes and can exclude the women they target.
- **Social and gender norms.** Restrictions on mobility, caste and community hierarchies and the unequal burden of unpaid care work continue to limit full participation in some regions.
- **Weak market linkages and capacity.** Many SHG enterprises remain low-productivity, home-based and dependent on local demand, with limited access to quality inputs, branding, standards and larger buyers.
- **Financial literacy gaps.** First-generation entrepreneurs often lack the skills to manage working capital, understand interest and repayment terms, and use formal digital finance safely.
- **Debt and group-quality risks.** Over-indebtedness, dormant groups and elite capture within federations can erode the benefits of the model.
- **Evidence gaps.** Recent schemes lack baseline data, and few programmes report sex-disaggregated outcomes on time use, asset control and decision-making.

8. Policy Recommendations

Challenge	Recommended response	Lead agency
Digital divide	Expand broadband and last-mile connectivity; deliver hands-on digital and financial-literacy training through SHG federations, with women digital "sakhis" as peer trainers	IT department; SERP; MEPMA
Credit quality and repayment stress	Strengthen SHG-bank linkages and credit monitoring; use credit-bureau style tracking to prevent multiple borrowing; offer graduated loan sizes	SERP; banks; SLBC
Low enterprise productivity	Provide mentorship, incubation and market access for women-led start-ups; cluster SHG enterprises and link them to institutional buyers and e-commerce	MSME department; incubation hubs
Mobility and safety	Pair free bus travel with service-quality, safety and last-mile measures, and monitor effects on women's employment and study	APSRTC; Home department
Social norms	Run community and household-level campaigns with men and local leaders; support childcare and care infrastructure to reduce time poverty	Women and Child Welfare; SHG federations
Weak accountability	Integrate gender budgeting in all economic development policies, and publish sex-disaggregated data on credit, assets and enterprise outcomes with independent evaluation	Finance department; Planning department

9. Conclusion

Andhra Pradesh stands out as a model of integrating economic empowerment with grassroots development. From DWCRA to IKP and now to Digi-Lakshmi, MSME support and free transport, the state has consistently built institutions of poor women rather than treating them solely as beneficiaries. The evidence indicates that this approach

has expanded access to credit and assets and has deepened participation, particularly among the poorest and tribal households. The harder test lies ahead: converting access into agency and sustained income. That will require closing the digital divide, strengthening market linkages and financial capability, protecting women from over-indebtedness, addressing social norms and care burdens, and subjecting the newer schemes to rigorous, sex-disaggregated evaluation. If these conditions are met, the state's model can offer lessons that extend well beyond its borders.

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