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Research Paper

Beyond The Margins: Assessing The Role of Self-Help Groups (SHGs) In the Socio-Economic Inclusion of Transgender Communities in India

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ABSTRACT

The inclusion of historically marginalised populations into the mainstream is needed for the pursuit of sustainable development. In India, transgender individuals have been facing acute forms of social exclusion and stigma, forcing up to 92% into unregulated and informal livelihoods such as traditional badhai, sex workers and begging. The historic judgment of NALSA v/s Union of India legally recognised transgender persons as a third gender, and in line of this judgment, the Govt of India enacted The Transgender Persons (Protection of Rights) Act, 2019 to safeguard the rights of transgender. This paper evaluates the role of Self-Help Groups (SHG), mainly operationalised through schemes like DAY –NRLM, DAY-NULM and localised state models. The present study is based on secondary data and attempts to examine how participation in SHGs contributes to economic empowerment, livelihood opportunities, social inclusion, collective support systems, and community networking among transgender persons. The paper concludes with policy suggestions to shift the government's passive welfare attitude to active collective agency.

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1. INTRODUCTION

The transgender community has been marginalised to the extreme fringes of society, excluded from all the basic necessities and employment. Historically, they have been facing social exclusion, stigma and discrimination. (ILO, 2022). After the landmark judgment of the Supreme Court in the case of National Legal Services Authority (NALSA) v/s Union of India (2014), the transgender community has been recognized as a distinct 'third gender' and affirmed their constitutional protection under articles 14, 15, 19 and 21. This judgment aligns with the international human rights framework, the Universal

Declaration of Human Rights (UDHR, 1948), the International Covenant on Civil and Political Rights (ICCPR, 1966) and the Yogyakarta Principles, which state that gender identity is something deeply personal and philosophical, it cannot be separated from the human dignity and self-determination (UN Office of the High Commissioner for Human Rights, 2019). To operationalise these rights, the Government of India enacted The Transgender Persons (Protection of Rights) Act, 2019 and released its rules in 2020 (Ministry of Law and Justice, 2019). According to Section 2(k) of The Transgender Persons

(Protection of Rights) Act (2019), a transgender person is defined as someone whose gender does not match the gender assigned to them at birth. This includes trans-men, trans-women, persons with intersex variations and gender queer individuals. In general, due to their unique culture, they are known as Hijras, Kinnars, Aravanis and Jogtas.

However, after analyzing the quantitative data at macro level, it can be demonstrated a link between legal rights and socio-economic indicators. The first national census that officially recorded the “Third Gender” category, Census of India (2011), has recorded a population of approximately 487,803 individuals (Ministry of Home Affairs, 2011). Despite the fact that due to pervasive social hostility the empirical cross examination indicates there has been severe underreporting. As per the Census, the literacy rate of this community stands at a mere 56.1%, drastically lagging behind the national literacy rate 74.04%. Moreover, majority of the indentified population to be classified as active workers are trapped in irregular, low paying, informal and marginal employment, consisting 38% in compared to 53% in the general population. This really indicates an acute economic crisis in the labour force participation. (Mandal, 2011; Rao & Nikhita, 2023).

Due to social stigma the Transgender are excluded and denied access to organized and secure livelihood opportunities. As result, they are compelled to depend on vulnerable and traditional occupations such as begging, ceremonial *badhai* practices and sex work for survival. These vulnerable occupations usually expose them to assaults, physical assault, sexual exploitation, humiliation and psychological trauma (Varta Trust, 2015). Due to widespread prejudice and lack of property for collateral, Transgender people are denied access to getting loans and sometimes even opening bank accounts, and this prevents them from starting their enterprise and the vicious cycle of poverty goes on. In this regard the SHG model show a pathway for Transgender community in bypassing the banking barriers as the loan can be taken on the name of SHG group.

A Self-Help Group (SHG) is a voluntary association of around 10 individuals, typically from similar socio-economic backgrounds, who come together routinely to save small amount of money (NABARD, 2022). These savings are placed into a common fund that is used for the group’s needs such as low interest rates to its members in emergency and for small business activities. The SHG movement started in India in the early 1990s. In 1992, NABARD initiated the SHG bank linkage project (SHG-BLP), and it was the official beginning of the SHG model in India. The primary objective of this model is “joint liability”. (Stiglitz, 1990). Under this framework, the members act as a form of social collateral. This facilitates the poor and property less members to access to credit system and borrow loan on the name of group from the banks without any physical collateral such as land and property, which helps in securing the livelihood of the members (Putnam, 1993). In India SHG model is mainly scaled through the Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM), which has been successful in reducing poverty among women. Project like Kerala’s Kudumbshree and new state policies in Tamilnadu have

started Trans exclusive SHGs. These pilot projects are showing that SHG model is helpful in the inclusion of transgender and build community trust.

2. LITERATURE REVIEW

• Barriers to Livelihood and Human Rights

The exclusion of Transgender from descent livelihood violates the article 6 of the International Covenant on Economic, Social and Cultural Rights, which protect the right to work. (United Nations, 2015). There is another worse scenario is the difficulty in getting identity cards that match a person’s true name and gender identity. Without proper cards and KYC rules, they are denied from the financial services and also many government schemes (Arora, 2020). Studies show that 96% are rejected from regular jobs, leaving them with the only choice of accepting *badhai* and sex work. (Giri, 2025).

• Functioning of Self-Help Groups and Joint Liability Credit

The SHG-Bank Linkage Project is has proven a reliable alternative to traditional commercial banking. (NABARD, 2022). A SHG facilitate in saving together, manage rotational common fund and borrow loan from the banks. The core objective of the SHG is joint liability or we can say the social collateral, where members replace physical property. (Stiglitz, 1990). Other than money, the SHG model became a platform for social capital, networking and mutual trust that helps vulnerable communities to stay resilient. (Putnam, 1993).

• Gaps in the Existing Gender Binary Structure

Although SHG model has been working well, but still there are systematic biasness persists. The guidelines of DAY-NRLM and DAY-NULM were designed around the life realities of cisgender women. As a result, Transgender have been often excluded from these traditional SHGs. (Barik, 2018). Recently, few states have launched trans-friendly efforts such as Kerala’s Kudumbshree mission has created Trans exclusive groups that run different local businesses such as café and tailoring shops. (Kumar and Vidya, 2021). Nationally the Support for Marginalized Individuals for Livelihood and Enterprise (SMILE) scheme is also working for the trans individual’s localized cooperatives. (Press Information Bureau, 2024). However, these projects are still on small scale and a big gap persists between legal rights and ground reality especially in the banking infrastructure.

3. METHODOLOGY

This paper is based on descriptive and analytical research design that evaluated secondary data. The data is collected and analysed on thematic basis. The data is collected from three primary sources such as academic database, government reports and institutional audits.

4. FINDINGS

The findings of various studies and reports reveal that Transgender community has been facing extreme social and

economic exclusion. According to the National Human Rights Commission (2017) and Census data by the Ministry of Home Affairs (2011), nearly 92% of Transgender individuals are excluded from formal employment while workforce participation is only 38%. Due to low literacy rate, social stigma, family rejection and discrimination and humiliation in labour market compel them to pursue begging, *badhai* and sex work for their survival. In such circumstances, for their socio-economic inclusion, SHG model has been proved helpful. Studies by Sawant (2019), Nayak & Panigrahi (2020) and Bora, (2017)., collectively reveal that SHG and collective enterprises help transgender people to acquire more stable livelihood such as consumer goods distribution, dairy cooperatives, digital printing, laundry services and weaving. These studies highlight that group-based enterprises are more sustainable, protect against the exploitation and create a sense of financial security. In the same line government has taken various initiatives such as the Ministry of Skill Development and Entrepreneurship (2022) trained over 4,200 transgender persons in group-based livelihood programmes, while the Ministry of Social Justice and Empowerment (2024), through the SMILE Scheme, allocated ₹390 Crore for startup assistance and identity support.

Further the study of Barik & Sharma (2018) indicates that SHGs joint liability system has improved access to formal banking and credit which also led to social empowerment among the Transgender community. These studies found that Transgender SHGs maintain strong repayment records that help in building trust with banks, and it can be validated through the facts that the banking approval rates have been increased by 72% without physical collateral. It proves that collective trust and peer accountability can replace traditional wealth-based credit system. Institutional initiatives from the Reserve Bank of India, SIDBI, and PM SVANIDI guidelines by the Ministry of Housing and Urban Affairs (2022) also encouraged financial inclusion by promoting collective account opening. Other than the financial benefit, Ahmad and Ashraf (2023) observed that regular weekly meetings of SHGs not only strengthened savings discipline and improved confidence in digital banking, but also acted as emotional support systems that fostered trust, solidarity, and collective participation among women.

However, despite of these positive developments, many major structural barriers are still there. The findings of Raja and Khan (2025) reveal that more than 80% of transgender groups in Delhi –NCR are still denied access to advanced credit systems due to prejudice among banking officials. Another study of the National Institute of Social Defence (2023) found that due to identity document mismatches, 88% of transgender persons faced exclusion. These findings indicate that although SHGs have become an important pathway toward financial inclusion, livelihood security, and collective dignity, long-term empowerment, still there remain many reforms to do in banking systems, identity documentation and sensitization of the society.

5. INTERPRETATION AND DISCUSSION

The findings indicate that the exclusion of transgender is not only economic but it is social as it is deeply connected with

social power structured and institutional inequality. According to the Goffman's theory of Stigma (Ritzer, 2011), transgender persons are socially labelled as "different" which results in humiliation and exclusion from the society. Similarly, Marx's conflict theory (Ritzer, 2011) helps to understand that economic resources and opportunities remain concentrated among the socially dominant groups only and the powerless people like transgender are pushed towards the informal and insecure labour.

The findings are also relatable with the Herbert Spencer's idea of "survival of the fittest" (Haralambos & Holborn, 2013), where only those who fit in dominant social norms are able to survive in mainstream society. Since society is built around binary gender identities, transgenders are excluded from the society. From a feminist perspective, intersectional feminism argues that discrimination is shaped by overlapping identities such as gender, class and poverty.

However, the emergence of SHGs demonstrates that collective solidarity and social network pave the pathway of freedom from the misery of life. This can be understood in the context of Pierre Bourdieu's concept of social capital (Ritzer, 2011) where trust, networks, and mutual support become resources for economic mobility and survival. The success of collective savings, higher repayment rates, and cooperative enterprises shows how social relationships can create empowerment even in marginalized settings. Weekly SHG meetings functioning as emotional support systems also connect with symbolic interactionism, which explains how identities and self-worth are rebuilt through everyday social interactions (Ritzer, 2011). The findings of the study also strongly connect with Amartya Sen's Capability Approach, (Sen, 1999) which argues that the problem is not individual inability but the absence of equal opportunities and institutional support. In this context, SHGs become important because they expand the capabilities of transgender individuals by providing access to credit, livelihood opportunities, social networks, digital literacy, and collective decision-making.

6. SUGGESTIONS

To achieve the sustainable development goals there is need to mainstream the vulnerable and marginalized strata of the society. Several steps can be taken in this regard:

- Government livelihood schemes should create separate and flexible SHGs for transgender communities so that they can easily participate without social discrimination.
- Identity documents such as Aadhaar, PAN, and bank records should be updated easily to prevent rejection from welfare schemes and banking services.
- Banks and government officials should receive gender sensitization training to reduce prejudice and ensure respectful treatment of transgender persons.

7. CONCLUSION

The paper reveals that transgender communities in India still remain socially and economically excluded despite legal recognition and welfare schemes. Due to stigma and lack of opportunities, many are pushed toward insecure livelihoods for

survival. However, Self-Help Groups (SHGs) have emerged as an important medium of socio-economic inclusion by improving access to livelihood, banking, social support, and collective confidence. The findings reveal that SHGs not only provide financial security but also help transgender persons move from social invisibility toward dignity and participation in society. Still, barriers like discrimination, identity-document mismatch, and institutional bias continue to limit their full inclusion.

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