



A RESEARCH STUDY ON FINANCIAL EMPOWERMENT OF RURAL WOMEN THROUGH SELF HELP GROUPS (SHGs)

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Abstract

Rural women's empowerment has become a key priority in global efforts to promote sustainable development. This paper explores the role of self – help groups (SHG's) as a vehicle for financial empowerment among rural women. Drawing upon empirical evidence and theoretical frameworks, it examines the transformative potential of SHGs in enhancing the economic agency and social standing of women in rural communities. This research paper provides a comprehensive knowledge of the phenomenon, utilizing a mixed method approach, the study integrates both qualitative and quantitative data analysis. Qualitative interviews will be conducted with SHG members, leaders in the area of their experiences, and perceptions regarding the functioning and impact of SHGs on women's lives. These interviews will be supplemented by focus group discussions and participatory observations to triangulate findings and ensure data validity. The paper explores the mechanisms through which SHGs promote financial literacy, social capital, and women's empowerment. It examines case studies and best practices from various regions to illustrate the diverse strategies employed by SHGs to address gender disparities and promote inclusive growth. Furthermore, the paper discusses the challenges and opportunities associated with scaling up SHG initiatives, including issues related to sustainability, governance, and institutional support. It emphasizes the importance of policy interventions and multi-stakeholder partnerships in sustaining the momentum of SHG-led empowerment efforts. The study emphasizes how SHGs may significantly improve rural women's socio-economic empowerment. It promotes a comprehensive strategy that combines community involvement, capacity building, and focused intervention to unlock women's full potential as change agents in rural development process.

Keywords: SHGs, Financial Literacy, Inclusive growth, Financial Inclusion, Empowerment, Rural women, Sustainability

Introduction

In the tapestry of rural communities worldwide, women often find themselves at the nexus of socio-economic challenges, grappling with limited access to financial resources, constrained opportunities for economic participation, and entrenched gender inequalities. Amidst these complexities, for rural women, Self-Help Groups (SHGs) have become a ray of hope, providing a forum for group action, economic solidarity, and revolutionary transformation. SHG's financial promotion of rural women marks a paradigm change in the conversation about development, moving beyond conventional top-down approaches towards grassroots-driven initiatives that prioritize community agency and women's leadership. By mobilizing women into cohesive groups, SHGs enable collective savings, facilitate access to credit, and nurture entrepreneurial skills, thereby empowering women to break the shackles of poverty and assert their economic autonomy. The paper explores the interplay between SHGs, women's empowerment, and rural development, shedding light on the catalytic role of collective action in driving sustainable change.

The introduction sets the stage by trace the socio-economic context of rural women, highlighting the intersecting barriers they face in accessing financial resources, participating in economic activities, and exercising agency within their households and communities. It underscores the urgency of addressing these challenges and advancing gender equality as a cornerstone of inclusive and sustainable development agendas. Moreover, the introduction provides an overview of the conceptual framework support SHG interventions, self-reliance, and participatory decision-making that underlie their functioning. Drawing upon theoretical perspectives from feminist economics, social capital theory, and collective action literature, the study establishes the foundation for grasping the revolutionary potential of Self-Help Groups (SHG's) in promoting women's empowerment and accelerating community development.

According to Basak and Chowdhury's (2023) analysis, Women's economic and social empowerment is significantly influenced by their membership in Self – Help Groups. In order to determine the impact of SHGs, Bariya and Chowdhury conducted a comparative study between members of SHG's and those who were not. Mamta and Kaushik (2022), The purpose of their study is to investigate how SHGs contribute to rural women's economic empowerment. They provide self-employment awareness programme, promote leadership qualities, increase in the saving of the members and improve communication skills. Sandeep (2021) research on Self – help organizations and micro finance in relation to women's empowerment. Determine how microfinance, through self - Help Groups (SHG's), promotes women in rural India. Raghunathan Kumar (2021), implications for the planning and expansion of women's group-based programs in south Asia include the potential necessity of engaging men in order to challenge gender norms. Sharma, R., Mishra, S., and Rai, (2021) Explains how Self – Help Groups (SHG's) helped India

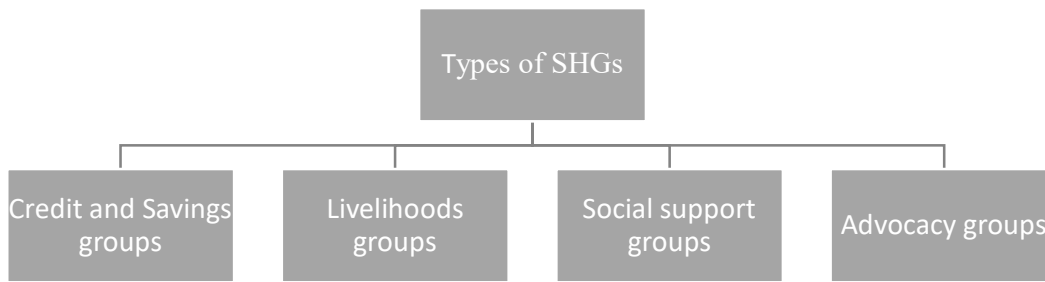
both during and after the COVID – 19 pandemics. This study outlines a possible mechanism by which the COVID – 19 scenarios may impact women’s groups. Kusugal and Pallavi S. Examine how Self - Help organizations are the most effective economic instrument for reducing poverty and creating jobs, and how micro finance empower women. Maina and Peter (2020), According to their findings, among self’s female – advisory Groups, Participation in these groups improved the group members confidence, social networks, credit availability, and income level. The study also suggested that women’s groups diversity their revenue streams to avoid becoming overly reliant on forming. Kapoor and Shikha (2019), Explains how self – help groups can raise member’s knowledge if they are given enough chance to be empowered to fight poverty.

In addition, the introduction outlines the goals and specifications for the paper, delineating the key research questions, methodologies, and analytical approaches employed to explore the dynamics of SHG-led financial empowerment initiatives. It underscores the significance of empirical evidence and experiential insights in informing evidence-based strategies for enhancing women's socio-economic well-being and fostering inclusive rural development. Overall, the introduction serves as a gateway to the blend of themes and issues addressed in the subsequent sections, inviting readers to embark on a journey of exploration and discovery into the SHG’S revolutionary potential to empower rural women and change the parameters of rural development paradigms.

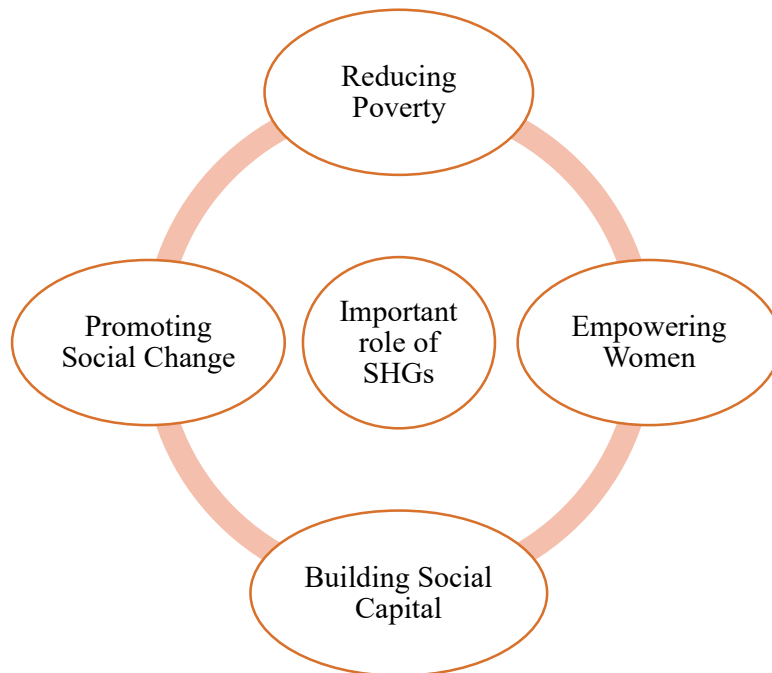
Self Help Groups (SHG’S)

Self – Help Groups (SHGs) are unofficial grouping of people who get together to discuss issues and needs they have in common. They are typically small, self-governing, and peer-controlled groups that pool their resources and knowledge to achieve their goals. SHGs can be found in all parts of the world, but they are particularly common in developing countries.

There are many different types of SHGs, but some of the most common include:



Credit and savings groups: These groups pool their members' savings and provide loans to members who need money for emergencies or to start small businesses. Livelihoods groups: These groups help members to find or create jobs, or to improve their existing businesses. Social support groups: These groups provide emotional and practical support to members who are facing difficult times. Advocacy groups: These groups work to raise awareness of the needs of their members and to influence policy changes. SHGs can play a number of important roles in their communities, including:



Reducing poverty: SHGs can help members to lift themselves out of poverty by providing them with access to financial resources, training, and support. Empowering women: SHGs can help to empower women by giving them a voice and a platform to participate in decision-making.

Building social capital: SHGs can help to build social capital by bringing people together and creating a sense of community. Promoting social change: By advocating for its members rights and attempting to better the lives of others in their communities, Self – Help Groups (SHG's) can contribute to social change.

Emergence of SHGs In Andhra Pradesh

Self – Help Group (SHG's), Proved essential to the socioeconomic advancement of Andhra Pradesh, India. Emergence and growth of SHGs in Andhra Pradesh can be attributed to several factors:

Government Programs: The Government of Andhra Pradesh has been proactive in promoting SHG's in order to empower women and alleviate poverty. Various schemes and programs have been launched to provide financial assistance, training, and capacity building support to SHGs.

NGO Support: In Andhra Pradesh, SHGs have been fostered and promoted in large part by non – governmental organizations (NGOs). They provide technical assistance, training, and linkages to credit and market opportunities, facilitating the growth of SHGs.

Women's Empowerment: SHGs in Andhra Pradesh have primarily focused on women empowerment by providing them with a platform to pool their resources, gain financial literacy, and access credit facilities. The involvement of women in SHGs has led to expanded their decision-making responsibilities and socioeconomic empowerment within their households and communities.

Microfinance Institutions (MFIs): The presence of microfinance institutions in Andhra Pradesh has also contributed to the growth of SHGs. MFIs provide financial services to SHGs, enabling them to undertake income-generating activities and become economically self-reliant.

Community Participation: The active participation of community members in the formation and functioning of SHGs has been crucial for their success. Communities have united to tackle shared problems, exchange expertise and encouraged one another's businesses.

Capacity Building: Capacity building initiatives, including training programs on various aspects such as financial management, entrepreneurship, and skill development, have been instrumental in enhancing the capabilities of SHG members to effectively manage their groups and businesses.

Linkages with Government Programs: SHGs in Andhra Pradesh have been linked with various government programs and schemes aimed at poverty alleviation, livelihood promotion, and rural development. These linkages have provided SHGs with access to resources, markets, and opportunities for growth and sustainability.

Overall, the emergence and growth of SHGs in Andhra Pradesh have been driven by a combination of government support, NGO initiatives, community participation, and the active involvement of microfinance institutions. These SHGs have not only contributed to poverty reduction but have also contributed significantly to the state's inclusive growth and women's empowerment.

Review of Literature

Mahato, Jha, Nayak, Kaushal (2023) "Empowerment of women through participation in self-help groups: a bibliometric analysis and systematic review" Offers a thorough Conceptual basis to illustrate the basic precursors of empowerment of women attained with SHG participation. Manvar, H. A., Kathiriya J.B., and Rajpura M.R., (2023) "The study on empowerment of women by self-help groups". Women will be empowered as a result of this study's improvements in education, employment opportunities, and societal attitudes about women in general. I.A Reshi, T. Sudha (2023) This study examines the variables that affects the financial management of village funds in the Pantai Labu District. These include managerial commitment, views of comprehension of key responsibilities, technical guidance, and presentation of financial data.

J Hazarika, CN Singkai (2023) "Impact of Self-Help Groups on Economic of Rural women by support of government" To research rural women's socioeconomic characteristics self – help organizations and the effects of women's self – help organizations by government support. Basak and Chowdhury (2023) "Exploring the impact of Self-Help groups on empowering rural women: an examination of the moderating role of self-help group membership using structural equation modelling". The main topic of this study is the relationship between women's involvement in Self – Help Groups (SHG's) and social empowerment and increased economic activity. Bariya, Chandravadan, Jadav, Patel (2022) "Impact of Self-Help Groups on empowerment of women" To increase awareness and promote participation among women resident in Amreli district's rural areas, the district watershed Development unit Amreli (Gujarat) established Self – Help Groups (SHGs) as part of the integrated watershed management program. A study comparing members of SHGs and non – SHGs was conducted in order to determine the influence of SHGs.

Mamta, Kaushik (2022), “Role of Self-Help Groups in Economic Empowerment of Rural women: An Empirical study”. In this study explore aspects and SHG’s contribution to rural women’s economic empowerment. Sandeep (2021), In order to determine the influence of microfinance on women’s development, this research explores how Self – Help Group’s (SHG’S) mobilizes savings, provide credit to those in need, manage group money, repay loans, develop leadership, and connect with banks. Kumar, Raghunathan (2021), According to this study, belonging to a SHG significantly improves overall initiatives that lessen the gender success gap and empower women.

Sharma, R., Mishra, S., and Rai (2021), The study looks at the possible advantages and disadvantages of the contextual variations across and within the nations. During the COVID – 19 pandemic, Self – Help Groups have been crucial in empowering their members by offering chances for money generation and livelihood support. Kusugal and Pallavi S. (2020),The socioeconomic circumstances of SHG members and SHG’s impact of Karnataka women’s empowerment. The primary focus of this study is women empowerment in Haveri District. The main finding of the study is that women’s empowerment in Karnataka’s Haveri District is positively impacted be Self – Help groups. Mainaand Peter (2020), According to this study, Women in supportive Self – Help Groups (SHG’S) should be empowered and made more aware of agricultural issues in order to increase their engagement in these groups. Additionally, women in these organizations should be given more ability to make decisions regarding financial management and entrepreneurship.

Kapoor and Shikha (2019), They conclude that participation in SHGs has given members the opportunity to express their views on matters pertaining to the community, as well as the freedom, self-assurance, and self-identity to confront issues and take charge of household decision-making. Akter, Ahmad, Jaafar (2018), This study examines how rural women in Bangladesh’s Sylhet area are empowered as a result of their involvement. In SHG’s economic endeavors, the result demonstrates that participating in SHG’s entrepreneurial activities significantly improves Bangladeshi women’s socioeconomic empowerment. Mathur, Agarwal (2017), The use of SHG empowerment strategies in india is analyzed in this study, which refutes the rhetorical claims that a “top to bottom” approach does not result in meaningful bottom – up empowerment.

Statement of the Problem

The rural women financial empowerment via Self – Help Groups (SHG’s) is a critical issue that requires attention due to several barriers that rural women experienced in rural areas. Despite efforts to promote SHGs as a means of economic empowerment, there are persistent issues that hinder their effectiveness in

uplifting rural women financially. In many rural areas, women face significant economic barriers, including Societal and cultural limitations, restricted financial resources as well as a lack of financial knowledge inadequate support systems. These challenges restrict their ability to participate fully in economic activities and contribute to household income generation. While self-help groups advertise as a potential solution to address these issues, their impact on the financial empowerment of rural women remains inconsistent and often limited. The main problems are inadequate support networks, social and cultural limitations, limited availability of funds, as well as a lack of financial awareness.

Objectives of the Study

1. To investigate the connection between the occupation of rural women and their level of financial literacy through SHGs.
2. To find out how financial awareness influences the rural women's choice of banking institutions through SHGs.

Hypothesis of the study

H1: Through SHGs, rural women's choice of banking institutions is significantly influenced by their increased awareness of finance.

H1: Rural women's financial knowledge is greatly influenced by their occupation.

Methodology

The function of Self – Help Groups (SHGs) in promoting financial inclusion and awareness is examined in this study using a quantitative research methodology. One hundred respondents, chosen from rural areas using purposive sampling, were given a structured questionnaire. Age, education, marital status, occupation and financial behaviours, such as bank accounts ownership and financial awareness, were among the demographic characteristics that were covered in the questionnaire.

Descriptive statistics and chi – square tests were used to analyse the data to find correlation between occupation, banking preferences, and financial knowledge, financial literacy and occupation, as well as bank choice and financial awareness, are significantly correlated, according to the results of the chi – square test ($p < 0.05$). The results emphasize the necessity of focused financial education initiatives to improve financial inclusion and decision – making especially for labourers and farmers.

Table No 1: Age of Respondents

Age	Frequency	Percent	Valid Percent	Cumulative Percent
19-29 Years	30	30.0	30.0	30.0
30-40 Years	28	28.0	28.0	58.0
41-51 Years	19	19.0	19.0	77.0
52-62 Years	15	15.0	15.0	92.0
Above 62 Years	8	8.0	8.0	100.0
Total	100	100.0	100.0	

The majority of respondents (58%) are under 40, according to the age distribution of the sample, suggesting that younger people are actively taking part in the research. Ages 19 to 29 make up the largest group (30%), closely followed by those in the 30-40 age bracket (28%) with only 8% of respondents older than 62, representation decrease with age. In order to successfully adopt treatment, policies or programs inclusive development and impact.

Table No 2: Level of Education

Education	Frequency	Percent	Valid Percent	Cumulative Percent
Illiterate	34	34.0	34.0	34.0
Primary Education	39	39.0	39.0	73.0
Secondary Education	19	19.0	19.0	92.0
Graduate	8	8.0	8.0	100.0
Total	100	100.0	100.0	

The table presents the education levels of 100 respondents. It shows that 34% are illiterate, while 39% have completed primary education, making it the largest group. Secondary education holders constitute 19% and only 8% are graduates. The cumulative percentage indicates that 73% have primary education or less, and 92% have not studied beyond secondary level, highlighting a relatively low level of higher education among the respondent.

Table No 3: Marital Status of Respondents

Marital Status	Frequency	Percent	Valid Percent	Cumulative Percent
Married	60	60.0	60.0	60.0
Singles	20	20.0	20.0	80.0
Others	20	20.0	20.0	100.0
Total	100	100.0	100.0	

The marital status of 100 respondents is shown in the table. Twenty percent are unmarried, and the bulk (60%) are married “others” comprises the other 20%, which may include people who are divorced or separated. According to the cumulative proportion, 80% of respondents are either married or single, while the remaining 20% are classified as “others”, suggesting that the sample group has variety of marital origins.

Table No 4: Bank Accounts of Respondents

Institution	Frequency	Percent	Valid Percent	Cumulative Percent
Nationalized financial institutions	46	46.0	46.0	46.0
Private sector financial institutions	35	35.0	35.0	81.0
Rural region banks	12	12.0	12.0	93.0
Cooperative financial institutions	7	7.0	7.0	100.0
Total	100	100.0	100.0	

The marital status of 100 respondents bank accounts across various financial institutions is shown in the table. The largest percentage of respondents (46%) bank with nationalized financial institutions. Banks in rural areas make up 12%, followed by private sector financial institutions at 35%. At just 7%, cooperative financial institutions are the least represented.

Table No 5: Occupation of Respondents

Occupation	Frequency	Percent	Valid Percent	Cumulative Percent
Worker	16	16.0	16.0	16.0
Self - Help Groups	31	31.0	31.0	47.0
Individually employed	33	33.0	33.0	80.0
Farming	10	10.0	10.0	90.0
Others	10	10.0	10.0	100.0
Total	100	100.0	100.0	

The respondent’s occupational distribution is displayed in the table. The largest category is made up of 33% self – employed people and 31% members of Self – Help Groups (SHGs). 10% came from farming and other occupations, and 16% are workers. The total proportion, which includes all respondents from all occupational groups, reaches 100%.

Table No 6: Case Processing Summary

Bank Accounts held with * Degree of financial awareness	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
	100	100.0%	0	0.0%	100	100.0%

Table No 7: Bank Accounts Held and Degree of Financial Awareness

Type of Institution	Slightly aware	Moderately aware	Fully aware	Total
Nationalized financial institutions	21	19	6	46
Private sector financial institutions	0	21	14	35
Rural region banks	0	4	8	12
Cooperative financial institutions	2	2	3	7
	23	46	31	100

Table No 8: Association between Financial Awareness and Bank Account Ownership

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	34.700 ^a	6	.000
Likelihood Ratio	43.191	6	.000
Linear-by-Linear Association	16.009	1	.000
N of Valid Cases	100		

a. 5 cells (41.7%) have expected count less than 5. The minimum expected count is 1.61.

The investigation looks at the connection between 100 respondents’ financial awareness and bank account ownership. Cooperative institutions make up 7% of consumers, private sector banks 35%, rural banks 12%, and nationalized banks 46%. There are differences in financial awareness, with 31% being highly aware, 46% being moderately aware, and 23% being little aware. Private and rural banks have a larger percentage of financially literate customers than nationalized banks, which tend to draw more people with less financial literacy. A statistically significant correlation between banks choice and financial awareness is shown by the chi-square test value is 34.7, p value is 0.000, indicating that awareness affects preferences for financial institutions. These results emphasize the necessity of focused financial literacy programs to encourage wise banking choice, especially for people who depend on nationalized banks.

Table No 9: Case Processing Summary

Occupation of Respondent * Degree of financial awareness	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
	100	100.0%	0	0.0%	100	100.0%

Table No 10: Occupation of Respondent and Degree of Financial Awareness

		Degree of financial awareness			Total
		Slightly aware	Moderately aware	Very aware	
Occupation of Respondent	Worker	5	9	2	16
	Self - Help Groups	0	19	12	31
	Individually employed	12	6	15	33
	Farming	3	7	0	10
	Others	3	5	2	10
Total		23	46	31	100

Table No 11: Association between Financial Awareness and Occupation

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	27.447 ^a	8	.001
Likelihood Ratio	38.773	8	.000
Linear-by-Linear Association	.967	1	.325
N of Valid Cases	100		
a. 8 cells (53.3%) have expected count less than 5. The minimum expected count is 2.30.			

The information looks at how 100 respondents' financial awareness and occupation relate to one another. The largest group is made up of people who work for themselves (33%), followed by members of self – help groups (SHGs) (31%), employees (16%), farmers (10%), and others (10%). Different occupations have different levels of financial awareness: SHGs members and self – employed people have higher levels, while works and farmers have lower levels. The correlation between occupation and financial awareness is statistically significant, according to the chi – square value is 27.447, p value is 0.001. This implies that self – employment and participation in SHGs both enhance financial literacy. The results underscore the necessary of focused financial education, particularly for farmers and labourers, to improve their financial inclusion and decision making.

The research looks at how 100 respondents' occupation and bank account and bank account ownership relate to their levels of financial literacy. Bank preference varies according to awareness levels: nationalized banks serve more people with lower literacy levels, whereas private and rural bank draw more financially literate clients. Additionally, a substantial association is shown by a chi-square test (34.7, p=0.00). In a same manner, financial literacy varies by occupation, with labourers and farmers having lower levels than self – employed people and SHG members. It is confirmed by a chi – square test (27.44, p=0.001). These findings underline the need for targeted financial literacy programs to encourage informed banking decisions and enhance financial inclusion, particularly for individuals depending on nationalized banks, farmers and labourers.

The study investigates the connection between banking decisions, financial literacy and the occupation of rural women. The results show that while farmer and labourers have poorer financial awareness, SHG membership dramatically Improves financial literacy, especially among women who work for themselves. This lends support to the idea that a person's profession has a significant influence on their financial literacy.

The choice of banking institutions is also influenced by financial literacy: women who are financially literate tend to favor private and rural banks, while those who are less literate typically depends on

nationalized banks. The second hypothesis is validated by a statistically significant correlation which demonstrates that SHGs help people make educated banking decisions.

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