



## Empowering Rural Women Through Financial Inclusion: The Impact of Self-Help Groups

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### Abstract

This study explores the efficacy of Self-Help Groups (SHGs) as channel for financial empowerment among rural women. By examining the accessibility and utilization of savings account, credit facilities, and insurance products among SHG members, this research seeks to understand the extent to which these financial services have been harnessed to improve their financial wellbeing. Furthermore, the study investigates the transformative impact of SHG participation on financial management practices, budgeting, and savings behaviour. The findings of this research are expected to aim to clarify the role of SHGs in fostering financial inclusion among rural women by identifying the strengths and weaknesses of the current SHG model, policymakers and development partitioners can implement targeted interventions to enhance financial literacy, access to credit, and insurance coverage. Moreover, the study outcomes can inform the design of sustainable financial products and services tailored to the specific needs of rural women. Ultimately, this research contributes to the broader discourse on women's empowerment and financial inclusion by providing empirical evidence of the impact of SHGs.

**Keywords:** Self Help Groups, financial inclusion, rural women, savings account, credit insurance, financial management, budgeting, savings behaviour, women's empowerment.

### Introduction:

Rural Women have historically faced significant socio-economic challenges, characterized by limited access to financial resources and opportunities. In recent decades, self-help groups have emerged as a powerful tool for addressing these disparities. By fostering collective action and financial discipline, SHGs have the potential to revolutionize the lives of rural women. This study explores into the detailed relationship between SHGs and financial empowerment among rural women

Central to this research is an examination of the extent to which SHG members have leveraged financial

services such as savings accounts, credit, and insurance. Moreover, the study seeks to understand the transformative impact of SHG participation on financial behaviour including budgeting and savings habits. By investigating these dimensions, this research aims to contribute to the growing body of knowledge on the role of SHGs in promoting financial inclusion and women's empowerment in rural context. Numerous studies have explored the multifaceted impact of SHGs, highlighting their role in enhancing financial management practices, improving socio-economic status, and facilitating sustainable development in rural areas. For instance, research by NK Minz (2023), "Impact of Microfinancing and Self-Help Groups (SHGs) on women's Empowerment" to critically examines existing literature on microfinance and SHGs, shedding light on their impact on gender equality, financial inclusion. Another research by NAA AI-Kubati, DP Selvaratnam (2023), "Empowering women through the self-help group bank linkage programme as a tool for sustainable development. Lesson from India". Focus on empowerment actions by providing financial inclusion in a more sustainable way and social vehicle by organizing rural women (academic.oup.com). H Singh, M Hassan (2022), "The importance of women's self-help groups in promoting financial inclusion in Bihar. Analyze that women's socioeconomic independence was significantly impacted by their involvement in self-help groups (SHGs) (europub.co.uk).

Additionally, J Hazarika, CN Singkai (2022), "Impact of self-help groups on economic empowerment of rural women by support of Govt, a study in Dhemaji District, Assam". To implementing the National rural livelihoods mission (NRLM) for enhancing the social and economic empowerment of the rural poor women of Assam (resmilitaris.net). Another research by C. Arunamma, GV Ramana (2022), "Impact of micro-finance on rural scheduled caste women empowerment through self-help groups: a study". Focus on poverty alleviation and women's empowerment. Another research by S Dubey, A Dwivedi, N Agarwal (2021), "Role of microfinance and self-help groups in women's financial, Behavioural and psychological empowerment" Microfinance activities and involved in self-help groups have a favourable impact on women (www.ashwinanokha.com). Another research by V Swamy (2019), "Financial inclusion and the resilience of poor households. Focus on the economic empowerment of women". This approach has used financial inclusion through microfinance is found to promote resilience strategies of the poor as it has become more demand sensitive (www.researchgate.net). Another research by G Joshi (2019) "An analysis of women's self-help groups involved in microfinance program in india" The purpose of this is to classify the social and economic factors which impact the involvement of women in self-help groups for their economic as well as social empowerment. Another research (www.semanticscholar.org) by MNA Siddik (2017), "Does financial inclusion promote women empowerment? Evidence from Bangladesh". Promotes inclusive growth of a country. Empowering women through financial inclusion which ultimately will have a positive impact on the development of the country (redfame.com).

Another research by P Mathur, P Agarwal (2017), "Self-help groups: a seed for intrinsic empowerment of india rural women". Analysing that providing an environment for the empowerment of Indian rural women (www.emeraldinsight.com). Another research by S Mohanpatra, BK Sahoo (2016), "Determinants of participation in self-help-groups (SHG) and its impact on women empowerment". Analyze the major role in improving the access of financial services to the poor (Simantini Mohapatra, Bimal Kishore Sahoo.). Another research by RL Vinodhini, P Vaijyanthi (2016) "Self-help group and Socio-economic empowerment of women in rural india". The purpose of this study is to know the status of SHG in rural india and its impact on socio-model in the financial services (www.i-scholar.in). Another study by S Singh, MS Shan (2016), "Does financial inclusion leads to sustainable women empowerment? Few grass root experiences from india". To analyse that financial inclusion is crucial and provides the initial boost necessary for accessing economic opportunities (apjor.com). Another research by R Sarania (2015), "Impact of self-help group on economic empowerment of women in Assam. Will bring out positive impact on asset base owned by women, monthly income, savings". One more research by D Nagayya, BA Rao (2015), "Microfinance through self-help groups and financial

inclusion". The Study focuses on immensely towards the empowerment of rural women in particulars. By synthesizing insights from previous studies and presenting new empirical findings, their research aims to provide comprehensive policy recommendations for scaling up SHG interventions.

### **Review literature:**

**NK Minz (2023)**, "Impact of Microfinancing and Self-Help Groups (SHGs) on women's Empowerment". To critically examines existing literature on microfinance and SHGs, shedding light on their impact on gender equality, financial inclusion, poverty reduction, and social development in the context of india.

**NAA AI-Kubati, DP Selvaratnam (2023)**, "Empowering women through the self-help group bank linkage programme as a tool for sustainable development. Lesson from India". Analyzing the effect on empowerment actions by providing financial inclusion in a more sustainable way and social vehicle by organizing rural women (academic.oup.com).

**H Singh, M Hassan (2022)**, "The importance of women's self-help groups in promoting financial inclusion in Bihar. Analyze that women's socioeconomic independence was significantly impacted by their involvement in self-help groups (SHGs). By women's emancipation implies a procedure where in women actively question traditional conventions in (europub.co.uk) order to successfully advance their well-being.

**J Hazarika, CN Singkai (2022)**, "Impact of self-help groups on economic empowerment of rural women by support of Govt, a study in Dhemaji District, Assam". To implementing the National rural livelihoods mission (NRLM) for enhancing the social and economic empowerment of the rural poor women of Assam (resmilitaris.net).

**C Arunamma, GV Ramana (2022)**, "Impact of micro-finance on rural scheduled caste women empowerment through self-help groups: a study". Focus on poverty alleviation and women's empowerment. The women's empowerment is a process by which women gain greater share of control over resource material, human and intellectual like knowledge, information, ideas and financial resources and access to money and control (abc.us.org).

**S Dubey, A Dwivedi, N Agarwal (2021)**, "Role of microfinance and self-help groups in women's financial, Behavioural and psychological empowerment" Microfinance activities and involved in self-help groups have a favourable impact on women (www.ashwinanokha.com).

**V Swamy (2019)**, "Financial inclusion and the resilience of poor households. Focus on the economic empowerment of women". This approach has used financial inclusion through microfinance is found to promote resilience strategies of the poor as it has become more demand sensitive. Further, it is widely believed that SHGs have had a positive impact on the poverty levels and standards of living of the poor and more particularly on the economic empowerment of women (www.researchgate.net).

**G Joshi (2019)** "An analysis of women's self-help groups involved in microfinance program in india" The purpose of this is to classify the social and economic factors which impact the involvement of women in self-help groups for their economic as well as social empowerment (www.semanticscholar.org). To analyse factors including age, education, family type and distance from the market have a significant impact on the participation of women in SHGs (www.emerald.com).

**MNA Siddik (2017)**, "Does financial inclusion promote women empowerment? Evidence from Bangladesh". Promotes inclusive growth of a country. Empowering women through financial inclusion which ultimately will have a positive impact on the development of the country. There is relative dearth of studies examining the nexus of financial inclusion and women empowerment of developing economy, particularly Bangladesh (redfame.com).

**P Mathur, P Agarwal (2017)**, "Self-help groups: a seed for intrinsic empowerment of india rural women". Analysing that providing an environment for the empowerment of Indian rural women. To analyse the application of SHG empowerment strategy in india and go against the rhetoric statement that "top to bottom" approach does not lead to a significant bottom-up empowerment (www.emeraldinsight.com).

**S Mohanpatra, BK Sahoo (2016)**, "Determinants of participation in self-help-groups (SHG) and its impact on women empowerment". Analyze the major role in improving the access of financial services to the poor (Simantini Mohapatra, Bimal Kishore Sahoo.). The purpose of this study is to gain meaningful insights into a microfinance programme in two different agro-ecological settings in india (www.semanticscholar.org).

**RL Vinodhini, P Vijayanthi (2016)** "Self-help group and Socio-economic empowerment of women in rural india". The purpose of this study is to know the status of SHG in rural india and its impact on socio-model in the financial services. This savings model is a successful empowerment tool (www.i-scholar.in).

**S Singh, MS Shan (2016)**, "Does financial inclusion leads to sustainable women empowerment? Few grass root experiences from india". To analyse that financial inclusion is crucial and provides the initial boost necessary for accessing economic opportunities (apjor.com).

**R Sarania (2015)**, "Impact of self-help group on economic empowerment of women in Assam. Will bring out positive impact on asset base owned by women, monthly income, savings".

**D Nagayya, BA Rao (2015)**, "Microfinance through self-help groups and financial inclusion". The Study focuses on immensely towards the empowerment of rural women in particulars. The impact of SHGs is visible at various levels such as groups, institutions, village.

### **Research Gap:**

Despite extensive research on self-help groups (SHGs) and their role in promoting financial inclusion and empowering rural women, gaps remain in understanding the specific mechanism and regional impacts. Studies often overlook detailed analysis of individual financial behaviours, decision-making process, and long-term economic stability. Additionally, the direct impact of government schemes and institutions support on SHG operations and sustainability, especially rural areas of Kakinada district, Andhra Pradesh, is under explored. This research aims to address these gaps by examining financial management practices, savings behaviour, socio-economic improvements, and the effectiveness of government and banking support in enhancing SHGs in this region.

### **Objectives of the study:**

1. Assess the availability and Usage of savings accounts, credit and Insurance among SHG members.
2. Analyze improvements in financial management Practices, Budgeting and Savings behaviour.

**Hypothesis statements:**

1. Ha: SHG members have significantly greater access to savings accounts, credit facilities, and insurance products compared to non-members in the same rural areas.
2. Ha: Participation in SHGs leads to significant improvements in financial management practices, budgeting skills and savings behaviour among rural women.

**Research Methodology:**

**Scope of the study**

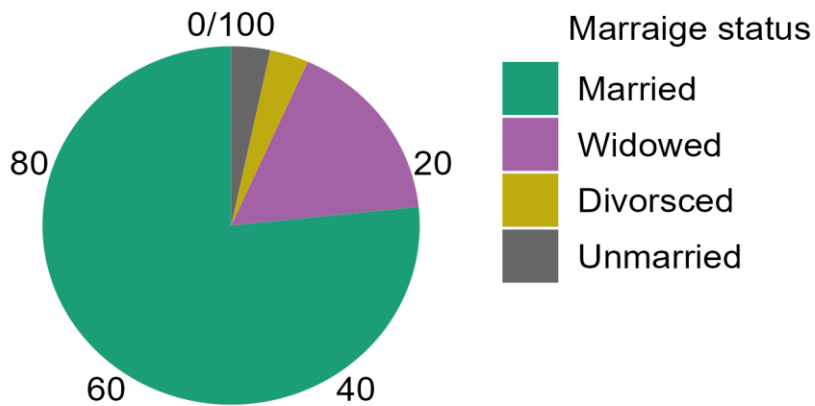
In this study, a sample of 30 rural women was taken and the data was collected through structured questionnaires and interviews from the rural women. Among them, total of 19 SHG members and 11 rural women are non-SHG members as represented in the tables below,

**Table No. 1**

<b>Age</b>	<b>Frequency</b>	<b>Percentage</b>
31-40	11	36.667
41-50	10	33.333
Above 50	7	23.333
21-30	1	3.333
Below 20	1	3.333
Total	30	100
<b>Household Monthly Income</b>	<b>F</b>	<b>%</b>
10000/- to 20000/-	9	30
5000/- to 10000/-	7	23.333
Below 5000/-	9	30
20000/- to 30000/-	5	16.667
Total	30	100
<b>Educational Level</b>	<b>F</b>	<b>%</b>
Secondary education	3	10
Primary education	9	30
Illiterate	13	43.333
Intermediate	4	13.333
Graduation	1	3.333
Total	30	100

According to the table No. 1, The survey data highlights that most SHG participants are middle aged (31-50 years), with 60% earning between below 5000/- to 20000/-, reflecting economic challenges. Additionally, 43.333% are illiterate and 30% have only primary education, indicating a need for educational and skill

development support. These findings underscore the critical role of SHG in aiding lower-income, less educated rural women, enhancing their socio-economic status through financial inclusion and empowerment initiatives.

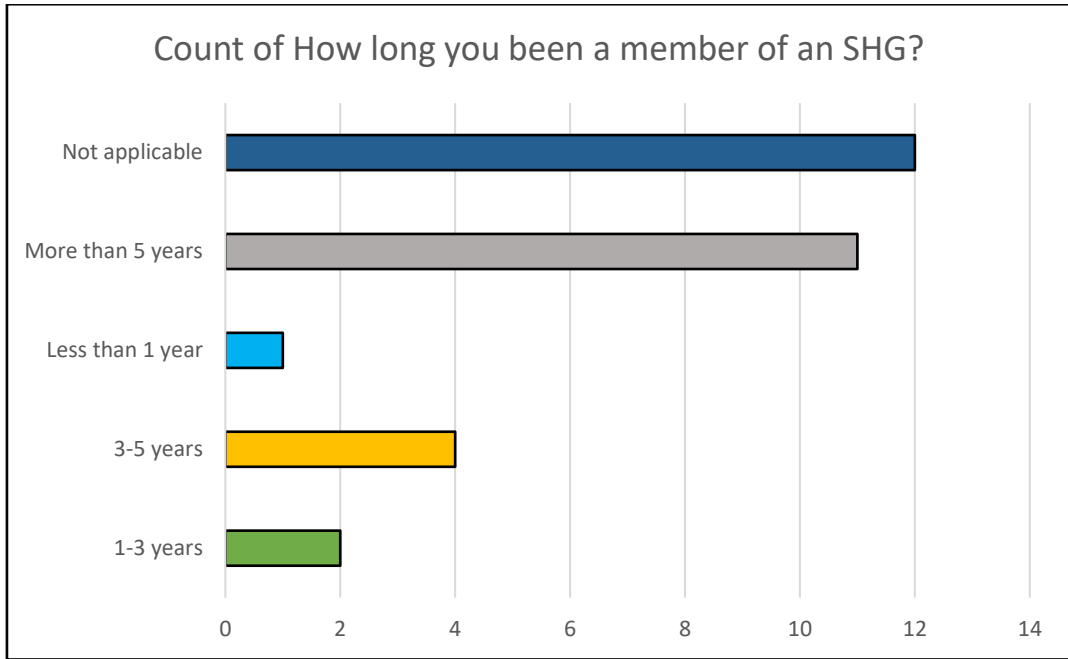


**Figure No. 1** Pie-chart: Primary data on marriage status on of the respondents.

The figure No. 1 Pie chart presents the majority of the respondents are married, followed by a smaller portion who are unmarried and widowed, with no respondents in the divorced category.

Frequencies for Are you a member if any Self-Help Group?

Are you a member of any SHG?	Frequency	Percent
Yes	19	63.333
No	11	36.667
Total	30	100



**Table No. 2** Descriptive statistics

Groups	Sample size	Mean Household Income	Std. deviation of Household Income
SHG members	19	2.474	0.841
Non SHG members	11	1.364	0.505

The table No. 2 descriptive statistics presents a comparison of household incomes between SHG members and non-SHG members. The sample size of SHG members group has 19 participants, while the non-SHG members group has 11 participants. SHG members group have a higher mean household income of 2.474 compared to 1.364 for non-SHG members. This indicates that household involved in SHGs tend to have higher incomes. The standard deviation for SHG members is 0.841, suggesting more variability in household incomes within this group. In contrast, the non-SHG members have a lower standard deviation of 0.505, indicating more consistency, but generally lower, household incomes.

The data suggests that participation in SHGs is associated with higher and more variable household incomes. This variability might reflect the diverse economic benefit and opportunities that SHGs provide to their members, leading to improved financial stability and growth potential.

**Table No. 3:** Independent Sample T-test Results

Variable	t-value	df	p-value	Cohen’s d	SE Cohen’s d
Household monthly Income	3.966	28	<.001	1.503	0.451

The table No. 3 Independent sample T-test presents t-value was 3.966 indicates the difference between the mean household incomes of SHG members and non-SHG members in terms standard errors. A t-value of 3.966

suggests a substantial difference between the two groups. The df value of 28 indicates the degree of freedom for the test, which is related to the sample size. p-value <.001 is the probability that the observed difference between the group is due to chance. A p-value less than 0.001 is highly significant, indicating a very low probability that the difference is due to random variation. Thus, the difference in household incomes between SHG and non-SHG members is statistically significant.

Cohen’s d value 1.503 is a measures of effect size, indicating the magnitude of the difference between the two groups. A Cohen’s d of 1.503 suggests a large effect meaning the difference in household incomes is not only statistically significant but also particularly meaningful. SE Cohen’s d was 0.451 value of standard error of cohen’s d, which measures the precision of the effect size estimates. A small standard error indicates a more precise estimate. Here, 0.451, indicates reasonable precision.

The analysis reveals a statistically significant and substantial difference in household monthly incomes between SHG members and non-SHG members, with SHG members having higher incomes. The large cohen’s d value indicates that the effect is both statistically and particularly significant, suggesting that participation in SHGs has a meaningful positive impact on household income.

**For Hypothesis 2:**

Ha: Participation in SHGs leads to significant improvements in financial management practices, budgeting skills and savings behaviour among rural women.

**Table No. 4** Contingency table

Do you maintain financial records for your household?	Never	Monthly	Daily	Weekly	Quarterly	Total
Yes	0	4	5	8	1	18
No	12	0	0	0	0	12
Total	12	4	5	8	1	30

Table No. 4 Contingency table presents the maintenance of financial records of majority of respondents 18 out of 30 maintain financial records, while a significant minority 12 out of 30 do not maintain those are non-SHG members 11 out of 30. Frequency of record keeping among those weekly record keeping is the most common frequency, with 8 out of 18 value 44.4%. Daily record keeping is also relatively common, with 5 out of 18 value 27.8% households. Monthly record keeping is practiced by 4 out of 18 value 22.2% household. Quarterly record keeping is the least common, with only 1 out of 18 value 5.6% household.

The data indicate that a majority of households 60% maintain financial records with varying frequencies, predominantly weekly or daily. However, a significant proportion value 40% do not maintain any financial records. This suggests potential areas for improvements in financial literacy and record keeping practices, which could be targeted by SHGs and related programs to enhance financial management among rural women.

Table No. 5: Chi-Square test

Particulars	Value	df	p-value
X <sup>2</sup>	30	4	< .001
N	30		

X<sup>2</sup> (30) here the chi-square test static 30. This value measures the difference between the observed and expected frequencies in the categorical data. Df (4) the degree of freedom for the test. For a chi-square test, the degree of freedom is calculated as the number of categories minus one. Here, there are 5 categories (Never, Monthly, Daily, Weekly, Quarterly), so df value 4. The p-value (<.001) indicates the probability that the observes differences occurred by chance. A p-value less than 0.001 is highly significant suggesting that the observed differences are very unlikely to have occurred by random chance. N (30) the total number of observations in the sample is 30. The chi-square test statistic of 30 with 4 degree of freedom and a p-value of less than 0.001 indicates a statistically significant difference in the frequency distribution of financial record keeping practices among the households. This means that the variation in how often household maintain financial records. There is a significant relationship between the households and their record keeping practices, implying that certain patterns or factors are influencing the behaviour.

The results show a significant disparity in financial record keeping practices among the surveyed households. Given the highly significant p-value, there is strong evidence to suggest that the frequency of financial record keeping is influenced by underlying factors, which could be further explored to understand and address the reasons behind these patterns.

Table No. 6: Nominal effect size

Effect size type	Value
Contingency coefficient	0.707

The table presents the value of a contingency coefficient, which is a measures of effect size for chi-square tests. The value 0.707 is the contingency coefficient ranges from 0 to 1, where values closer to 1 indicate a stronger association between the variables. A contingency coefficient of 0.707 suggest a strong association between the variables in the chi-square test. In this relationship between whether households maintain financial records and the frequency with which they do so. The value of 0.707 indicates a strong effect size meaning that the variation in financial record keeping practices among households is substantial and not merely due to random variation. This reinforces the chi-square test result, confirming that significant factor is influencing household financial record keeping behaviour understanding these factors could help in designing targeted interventions to improve financial management practices among rural household women’s.

**Suggestions**

1. Investigate the role of technology in enhancing the effectiveness of SHGs. This includes the use of digital platform for financial transactions, record keeping, and training.

2. Explore the gender dynamic within household and SHGs to understand how male family members attitudes and behaviours influence the financial empowerment of women.
3. Evaluate the effectiveness of various training programs provided to SHG members on financial management, entrepreneurship, and digital literacy.
4. Conduct policy analysis to evaluate the effectiveness of government schemes and subsidies aimed at supporting SHG.
5. Perform micro-level studies to delve deeper into individual financial behaviour and decision-making processes of SHG members.
6. Study the spillover effects of SHGs on non-members within the community. This includes assessing whether the presence of active SHGs in a community benefits non-members in terms of financial literacy and economic opportunities.

## Conclusion

This research underscores the transformative potential of Self-Help Groups (SHGs) in empowering rural women through financial inclusion. By providing a platform for collective savings, credit access, and capacity building, SHGs have significantly contributed to improving the socioeconomic conditions of rural women. Our findings reveal that SHG participation is associated with increased household income, enhanced decision-making power, and improved livelihoods.

However, challenges such as limited access to formal finance and inadequate training persist. To fully realize the potential of SHGs, concerted efforts are required to address these issues. By strengthening the SHG model and integrating it with broader development initiatives, it is possible to create a more inclusive and equitable rural landscape. Ultimately, empowering rural women through financial inclusion is not just about economic growth but also about building resilient and self-sufficient communities.

## Declaration of Conflicting Interests

The authors declare no potential conflicts of interest with respect to the research, authorship and publication of this article.

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