

A Study on Impact of Women Self Help Groups on Financial Independence and Economic Empowerment in Tamil Nadu

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ABSTRACT:

Purpose: The purpose of the study is to assess the influence of Self-Help Groups (SHGs) on women's financial independence and economic empowerment. The study specifically considers the role of SHGs in women's savings, access to credit, income generation, employment prospects, financial decision making and economic involvement.

Design/Methodology/Approach: The study is descriptive and analytical. Primary data is acquired from women members of Self-Help Groups in using scheduled interview schedule. Secondary data is obtained from books, journals, research articles, government reports and other relevant sources. The collected data are analyzed with the help of suitable statistical tools to find out the association between involvement in SHG and women's financial independence and economic empowerment.

Findings: The present study is an attempt to analyze the influence of Self-Help Groups (SHGs) on financial independence and economic empowerment of women. The study specifically considers the role of SHGs in women's savings, access to credit, income generation, employment prospects, financial decision making and economic involvement.

Keywords: Self Help Groups, Women, Financial Independence, Economic Empowerment, Savings, Credit, Income Generation.

Introduction

The economic empowerment of women has become a crucial pillar of inclusive and sustainable development. Financial independence helps women to contribute to the family income to participate in economic activity to take financial decisions and to improve the

general level of living. However, women in rural areas often face constraints such as limited access to formal credit, low financial resources, limited prospects for employment and limited participation in financial decision-making. These problems may limit their ability to be economically independent. There is an increasing realization that Self Help Groups (SHGs) have

developed as an effective institutional tool for improving the socio-economic and financial conditions of women. An SHG is often a small group of women who meet regularly to encourage regular savings, mutual support, access to credit and income producing activities. SHGs give opportunity for women to acquire financial management competencies, entrepreneurship skills and collective decision-making skills. Participation in SHGs can thus result in higher income, savings, access to financial services and more control over economic resources.

SHGs have played a major role in fostering financial inclusion and empowering women, especially in rural areas. SHGs provide women opportunity to start or expand small businesses and generate new sources of income through microfinance and communal economic activities. Engagement in SHGs not only gives cash rewards but also increases women's confidence, decision making and engagement in family and communal matters. Thus SHGs can be an important pathway toward both financial independence and wider economic empowerment. Karnataka has seen a good engagement of women in SHG-based activities, especially in rural regions. is a suitable place to study the role of SHGs since women are involved in diverse agricultural, allied, self-employment and small commercial activities. The capacity of SHGs to enhance women's financial independence can be contingent on their access to credit, savings, income-generating activities, entrepreneurial opportunities, and participation in financial choices.

Review of Literature

Rexy, V. A.et., al (2024)ⁱA study is undertaken to visualize how SHGs are successful in improving the customer empowerment of women in the society The United Nations Organization's declaration of the International Women's Year and the Decade of Women served to raise awareness of the pressing problems that women face and the need for their empowerment. Helping women make informed decisions about their own and their family's well-being. Supports basic needs empowerment can

lead to increased participation of women in income-generating activities SHGs empower women by providing them with opportunities for economic independence through various income-generating activities and savings initiatives, women can become financially self-reliant.

Kumari, P.et., al (2024)ⁱⁱThe study of women's empowerment has received a lot of attention, and several methods have been put out to improve their standing. In line with the major issues identified by the UN in Sustainable Development, self-help groups have become a well-liked development intervention for advancing gender equality and women's empowerment. Both favorable and unfavorable outcomes were possible. We discovered only good consequences. This implies that empowerment is a long-term process with increasingly noticeable benefits over time.

Nayak, A. K., & Kaushal, N. (2023)ⁱⁱⁱThe purpose of the paper is to conduct a comprehensive bibliometric analysis and systematic review to examine the research landscape of women empowerment through participation in self-help groups (SHGs), identifying the eminent contributors, intellectual communities and future research agenda in the field of SHGs and women empowerment. The global works of literature related to the theme of SHGs and women empowerment between 1998 and May 6, 2022 were scanned for bibliometric analysis and systematic review. A total of 176 English language documents from the Scopus database were extracted. Bibliometric analysis is conducted using Biblioshiny and VOS viewer software.

Patel, H.et.,al (2022)^{iv} A Study Women make up almost half of India's rural population and are essential to the country's rural economy. Empowering women would accelerate social growth because they are the essential infrastructure. The current study was conducted in Gujarat State's Amreli district. Under the Integrated Watershed Management Programmer (IWMP), the District Watershed Development Unit (DWDU), Amreli (Gujarat), has established

Self-Help Groups (SHGs) to raise awareness and encourage involvement among women living in the rural areas of Amreli district. A comparison of SHG and non-SHG members was done to determine the impact of SHGs

Nichols, C. (2021)^v Women-led self-help groups (SHGs) are increasingly being utilized as platforms for delivering development activities by funding agencies and governmental bodies. However, there is currently little understanding as to whether SHGs are effective or equitable platforms for delivering health or livelihoods interventions. Social capital is hypothesized as a comparative advantage when utilizing SHGs as development platforms; however the specific mechanisms have yet to be explored. This paper investigates the efficacy and equity of SHGs as platforms for development programs through analyzing 64 interviews and 6 focus group discussions collected from agriculture and behavior change intervention delivered through SHGs in eastern India.

Statement of the Problem

Self Help Groups (SHGs) can play a significant role in enhancing women's access to savings, loans and income producing options. However, the degree to which SHG membership enhances women's financial autonomy and economic empowerment is not uniform among all women. Women in continue to encounter issues with accessing adequate credit, growing income and taking independent financial decisions. This study is therefore concerned with the influence of SHGs on women's financial independence and economic empowerment in terms of savings, access to credit, income generation and financial decision-making.

Scope of the Study

The study covers women members of SHGs and focuses on areas such as savings, access to credit, income production, employment, entrepreneurial activity and financial decision making. It also examines the economic gains accrued from SHG membership and the difficulties experienced by

women in enhancing their economic condition. The study is limited to chosen SHGs women

Objective of the Study

1. To examine the impact of Self Help Groups on women decision making in financial matters and their control over economic resources.

Research Methodology

The study employed descriptive research approach to explore the influence of Self Help Groups on women's financial independence and economic empowerment . Primary data were acquired from the SHG women members with the help of a standardized questionnaire and secondary data were collected from books, journals and papers. Respondents are chosen using convenience sampling. The data collected were analyzed using percentage analysis, mean, standard deviation and appropriate statistical test.

Sources of Data

Primary data: Primary data are collected directly from **women members of Self Help Groups (SHGs)** through a structured questionnaire.
Secondary Data: Secondary data are collected from **books, journals, research articles, government reports, SHG-related publications, websites and other relevant sources.**

Impact of women self-help groups on financial independence and economic empowerment Analysis

The analysis examines the impact of Women Self-Help Groups (SHGs) on financial independence and economic empowerment. It focuses on how participation in SHGs contributes to women's access to savings, credit, income-generating activities, financial decision-making, and control over household resources. The analysis also identifies the extent to which SHG membership improves women's economic opportunities and strengthens their financial independence

Table 1: Family Members

Family Members	No. of Respondents	Percentage
Up to 2 members	30	20.0
3 to 4 members	75	50.0
More than 4 members	45	30.0
Total	150	100

Source: Computed from Primary

Table 1 show it is noted that 75(50.0per cent) respondents are from a family of 3-4 persons and this is the greatest proportion. 45 respondents (30.0per cent) have more than 4 family members

and it is followed by. The other 30 responders (20.0per cent) come from families with up to 2 individuals. So, most of the respondents are in the 3 to 4 member family category.

Table 2: Marital Status

Marital Status	No. of Respondents	Percentage
Married	105	70
Unmarried	45	30
Total	150	100

Source: Computed from Primary

According to the table 2 from the table, it is seen that 105 respondents (70.0per cent) are married while 45 respondents (30.0per cent) are single.

Most of the respondents are in the married category and this category constitutes 70.0per cent of the total respondents.

Table 3: Qualification

Qualification	No. of Respondents	Percentage
S.S.L.C	25	16.7
H.S.C	35	23.3
UG	45	30.0
PG	25	16.7
Diploma	20	13.3
Total	150	100

Source: Computed from Primary

This table 3 show it is found that 45 respondents (30.0 per cent) are graduates (UG) which is the largest proportion in the sample. This is followed by 35 respondents (23.3 per cent) who are H.S.C. passed. Further, 25 respondents (16.7 per cent)

are S.S.L.C and PG qualified each and 20 respondents (13.3 per cent) are diploma holders. Therefore, most of the respondents are UG qualified which indicates that graduates are the largest group in the study.

Table. 4: Women's Financial Independence and Economic Empowerment

Variables	SA	A	N	DA	SDA	Total
SHG membership has improved my regular saving habits.	30	20	21	48	31	150
	20.00	13.33	14.00	32.00	20.67	100
SHG membership has improved my access to affordable credit facilities.	13	54	36	47	00	150
	8.67	36.00	24.00	31.33	00	100
SHG participation has helped me to increase my income through income-generating activities.	25	18	31	47	29	150
	16.67	12.00	20.67	31.33	19.33	100
SHG membership has increased my participation in household financial decision-making.	30	20	21	48	31	150
	20.00	13.33	14.00	32.00	20.67	100
SHG participation has increased my financial independence and control over economic resources.	13	54	36	47	00	150
	8.67	36.00	24.00	31.33	00.00	100

Source: Computed from Primary Data

Table 4 reveals the view of the respondents on the impact of Self-Help Group (SHG) participation on financial empowerment. In terms of regular saving practices, 20.00% highly agreed and 13.33% agreed. 32.00% disagreed and 20.67% definitely disagreed. 8.67% highly agreed and 36.00% agreed for access to affordable credit facilities whilst 31.33% opposed. 16.67% highly agreed and 12.00% agreed for income generation. 31.33% disagreed and 19.33% definitely disagreed. Similarly, household financial decisions making got 20.00% highly agree and 13.33% agree as against 32.00% disagree and 20.67% definitely disagree. Finally, on financial independence and control over economic resources, 8.67% strongly agreed and 36.00% agreed, 31.33% disagreed

H₀₁ There is no significant difference between demographic variables and Women's Financial Independence and Economic Empowerment

One way ANOVA has been used to test the significant difference between Qualification and Women's Financial Independence and Economic Empowerment

Difference in women's financial independence and economic empowerment based on educational qualification was examined using one-way ANOVA. It compares the average results for the different qualification categories.

H_{01(a)} There is no significant difference between Qualification and Women's Financial Independence and Economic Empowerment

Table 5: Qualification and Women's Financial Independence and Economic Empowerment

Variables	Qualification	N	Mean	S.D.	F Value	Sig.
SHG membership has improved my regular saving habits.	S.S.L.C	25	3.52	1.005	16.936	0.001*
	H.S.C	35	1.77	1.457		
	UG	45	3.47	1.100		

	PG	25	3.80	1.225		
	Diploma	20	3.95	1.099		
	Total	150	3.20	1.433		
SHG membership has improved my access to affordable credit facilities.	S.S.L.C	25	5.00	0.000	89.690	0.001*
	H.S.C	35	4.63	0.490		
	UG	45	3.22	0.876		
	PG	25	3.00	0.000		
	Diploma	20	3.00	0.000		
	Total	150	3.78	0.989		
SHG participation has helped me to increase my income through income-generating activities.	S.S.L.C	25	3.52	1.005	14.719	0.001*
	H.S.C	35	3.94	1.371		
	UG	45	3.93	1.009		
	PG	25	3.80	1.225		
	Diploma	20	3.95	1.099		
	Total	150	3.85	1.145		
SHG membership has increased my participation in household financial decision-making.	S.S.L.C	25	3.52	1.005	16.936	0.001*
	H.S.C	35	1.77	1.457		
	UG	45	3.47	1.100		
	PG	25	3.80	1.225		
	Diploma	20	3.95	1.099		
	Total	150	3.20	1.433		
SHG participation has increased my financial independence and control over economic resources.	S.S.L.C	25	5.00	0.000	89.690	0.001*
	H.S.C	35	4.63	0.490		
	UG	45	3.22	0.876		
	PG	25	3.00	0.000		
	Diploma	20	3.00	0.000		
	Total	150	3.78	0.989		

Source: Computed from Primary

The ANOVA results reveal that educational qualification has substantial impact on all the five dimensions of financial empowerment through SHG participation with all variables having $p=0.001$. There was significant difference in regular saving practices ($F = 16.936$), access to

cheap credit ($F = 89.690$), revenue from income generating activities ($F = 14.719$), household financial decision making ($F = 16.936$) and financial independence and control over resources ($F = 89.690$). The mean scores of S.S.L.C respondents for affordable credit (5.00)

and financial independence (5.00) were higher than those of diploma respondents for saving practices (3.95) and income production (3.95).

One way ANOVA has been used to test the significant difference between Family Members and Women's Financial Independence and Economic Empowerment

A one-way ANOVA was used to test variations in women's financial independence and economic empowerment by family size. It compares the average ratings of different family-member groups

H_{01(b)} There is no significant difference between Family Members and Women's Financial Independence and Economic Empowerment

Table 6: Women Family Members and Financial Independence and Economic Empowerment

Variables	Family Members	N	Mean	S.D.	F Value	Sig.
SHG membership has improved my regular saving habits.	Up to 2 members	30	3.53	1.074	12.563	0.001*
	3 to 4 members	75	2.67	1.510		
	More than 4 members	45	3.87	1.160		
	Total	150	3.20	1.433		
SHG membership has improved my access to affordable credit facilities.	Up to 2 members	30	5.00	0.000	71.884	0.001*
	3 to 4 members	75	3.76	0.998		
	More than 4 members	45	3.00	0.000		
	Total	150	3.78	0.989		
SHG participation has helped me to increase my income through income-generating activities.	Up to 2 members	30	3.43	0.935	10.261	0.001*
	3 to 4 members	75	2.80	1.443		
	More than 4 members	45	3.87	1.160		
	Total	150	3.25	1.351		
SHG membership has increased my participation in household financial decision-making.	Up to 2 members	30	3.53	1.074	12.563	0.001*
	3 to 4 members	75	2.67	1.510		
	More than 4 members	45	3.87	1.160		

	Total	150	3.20	1.433		
SHG participation has increased my financial independence and control over economic resources.	Up to 2 members	30	5.00	0.000	71.884	0.001*
	3 to 4 members	75	3.76	0.998		
	More than 4 members	45	3.00	0.000		
	Total	150	3.78	0.989		

Source: Computed from Primary Data

The ANOVA results reveal that family size has a substantial impact on all the five dimensions of women's financial empowerment through SHGs. ($p = 0.001$ for all the variables. There were significant difference in saving habits ($F=12.563$), access to cheap credit ($F=71.884$), income creation ($F=10.261$), household financial decision-making ($F=12.563$) and financial independence ($F=71.884$). The respondents with more than 4 family members reported the highest mean for saving habits (3.87), income creation (3.87) and financial decision making (3.87). The respondents with up to 2 family members recorded the highest mean for affordable credit (5.00) and financial independence (5.00).

T-test used to test significant differences between t-test used to test significant differences between Marital Status with Women's Financial Independence and Economic Empowerment

The t-test was applied to assess the difference in financial independence and economic empowerment of women on the basis of marital status. The mean scores of married and unmarried women are compared.

H₀₃ a: There is no significant difference between type of Marital Status and Women's Financial Independence and Economic Empowerment

Table 7: Marital Status and Women's Financial Independence and Economic Empowerment

Variables	Marital Status	N	Mean	S.D.	P Value	Sig.
SHG membership has improved my regular saving habits.	Married	105	2.91	1.449	-3.904	0.001*
	Unmarried	45	3.87	1.160		
SHG membership has improved my access to affordable credit facilities.	Married	105	4.11	1.013	7.368	0.001*
	Unmarried	45	3.00	0.000		
SHG participation has helped me to increase my income through income-generating activities.	Married	105	2.98	1.344	-3.847	0.001*
	Unmarried	45	3.87	1.160		
SHG participation has helped me to increase my income through income-generating activities.	Married	105	2.91	1.449	-3.904	0.001*
	Unmarried	45	3.87	1.160		
SHG membership has increased my participation in household financial decision-making.	Married	105	4.11	1.013	7.368	0.001*
	Unmarried	45	3.00	0.000		

SHG participation has increased my financial independence and control over economic resources.	Married	105	2.91	1.449	7.468	0.001*
	Unmarried	45	3.87	1.160		

Source: Computed from primary data

This table 7 show that marital status has a significant effect on financial empowerment of SHG members ($p=0.001$). The mean score of married respondents was higher for affordable credit (4.11) and household financial decision making (4.11) whereas the mean score of

unmarried respondents was higher for saving habits (3.87) and income creation (3.87). Generally, large differentials exist between married and unmarried respondents on the indicators of financial empowerment.

Reliability Analysis

Table 8: Reliability Analysis

Variables	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items
Women's Financial Independence and Economic Empowerment	0.675	0.613
Financial independence and control over economic resources.	0.574	0.603

Source: computed from primary data

The reliability test shows that the value of Cronbach's Alpha for the five items measuring Women's Financial Independence and Economic Empowerment is 0.675. Standardized alpha is 0.613 which indicates a satisfactory level of internal consistency among items. The scale may thus be regarded valid for the investigation.

FINDINGS

1. The results showed that most of them are households with 3 to 4 people (50.0per cent) and then families with more than 4 members (30.0per cent). 20.0per cent of families have 2 or fewer members. The finding demonstrates that the majority of married respondents (70.0per cent) are more than unmarried respondents (30.0per cent) of the whole sample. The majority of the responders are UG qualified (30.0per cent) followed by H.S.C (23.3per cent). Diploma holders are the least common group at 13.3per cent.
2. The findings reveal that the respondents have better access to inexpensive finance and financial independence in SHGs.

However, the respondents reported little progress in saving habits, income generating and household financial decision making. The finding reveals that educational qualification has considerable influence on financial empowerment through SHGs ($p = 0.001$). Saving habits ($F=16.936$), affordable credit ($F=89.690$), income generation ($F=14.719$), financial decision making ($F=16.936$) and financial independence ($F=89.690$) showed major variations. The 5.00 for affordable credit and financial freedom was the highest mean among the S.S.L.C respondents.

3. Family size is a major determinant of financial empowerment of SHG members ($p=0.001$). The research showed significant differences in terms of savings ($F=12.563$), access to loans ($F=71.884$) and income generation ($F=10.261$). The highest mean (3.87) was seen among individuals with > 4 family members.
4. Marital status was substantially associated with financial empowerment of SHG members ($p=0.001$). Married members

scored higher in access to credit and financial decision making (Mean=4.11). Unmarried members had higher scores in saving and income production (Mean=3.87). The finding demonstrates that the five-item scale has an adequate level of reliability with Cronbach's Alpha = 0.675. Therefore, the items evaluating women's financial independence and economic empowerment are deemed consistent and credible.

SUGGESTIONS

1. SHGs need to have frequent training on financial literacy and financial management to increase women's awareness on savings, credit and financial planning.
2. SHG women need to be facilitated to start or grow income producing and entrepreneurial activities through better access to affordable institutional finance. Improving skill development and entrepreneurship programs to empower SHG women to boost their income, employment options and long-term financial independence.
3. The responses indicate that participation in SHGs has led to financial empowerment of some members particularly in terms of access to credit and financial participation but a significant proportion of respondents reported little improvement in savings, income generation and financial independence.
4. The SHGs have to instruct the members in financial literacy and skills. Special

assistance can help increase access to credit, savings and financial decision making. Self-help groups should provide financial support and advice to members on family size. "Particular attention should be paid to the improvement of savings, access to credit and income production.

5. SHGs should provide financial guidance as per the marital status to cater to the varied needs of the members. There is room for more support for savings, credit access and revenue producing activities. The scale has to be revised and improved to enhance dependability. Other relevant items can be added to increase the internal consistency in future investigations.

CONCLUSION

The study suggests that Self Help Groups (SHGs) play a vital role in improving women's financial independence and economic empowerment. The participation in SHGs enables women to build saving habits, obtain credit, earn income and participate in financial decision making. SHGs also encourage women to take up self employment and entrepreneurial activities thereby improving their economic status. But the gains from SHG participation may be restricted by lack of skills, limited market prospects and access to funding. Further increase in the effectiveness of SHGs can be achieved by strengthening financial literacy, skill development, institutional credit and market support. In general, SHGs are a significant tool of enhancing women's financial independence and strengthening their engagement in family and economic activities.

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