

WOMEN EMPOWERMENT THROUGH FINANCIAL INCLUSION IN INDIA: A STUDY WITH SELF-HELP GROUPS

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Abstract

*In India, financial inclusion has prioritized in recent years within the frameworks of both financial development and economic growth. Financial inclusion refers to the provision of banking services at an affordable cost to a large segment of the disadvantaged and low-income population. The aim of financial inclusion is to extend financial services to the weaker sections of society, thereby promoting enhanced social development, which subsequently fosters investment and economic growth in the nation. The concept of inclusive growth was rendered meaningless if it does not encompass the marginalized groups within society. The exclusion of women, who constitute half of the population, renders the development process and its outcomes unjust and unacceptable, not to mention incomplete. Research indicates that over 70 percent of the beneficiaries of the financial inclusion initiative are women. Self-Help Groups (SHGs) serve as a crucial mechanism for integrating women into the financial inclusion process, acting as a primary catalyst for the financial movement in India. Our research has uncovered numerous collaborative efforts and experiences that demonstrate how motivated and empowered women can transform their capabilities and confidence into capital, leading to a more promising future for themselves and their communities as a whole. India's emerging philosophy of 'inclusive growth' provides a pathway for empowering women within the growth process both personally and socially. Objective of the Study focus the role of SHGs towards women empowerment and examine the initiatives in establishing linkages between the socio-economic dynamics and women empowerment. The study methodology relied primarily on previous literature reviews. In particular, it analyzed various research works on women empowerment, with special reference to Jayasheela & Hans, V. Basil (2014), *Economic Empowerment of Women through SHGs among Social Groups: Evidence from the Grassroots*, *Al-Shodhana*, 2(1), 35–56. The study found that women Self-Help Groups (SHGs) have the potential to mitigate domestic violence in certain instances. Enhancing access to credit and technology is believed to boost their productivity, which, in turn, would positively affect the development process. Empowerment is intricately linked to development.*

Keywords: *Financial inclusion, SHGs and Socio-Economic dynamics, elf-employment and women empowerment.*

Introduction

Education plays a significant role in women's empowerment. It increases the returns on investments made in almost every aspect of developmental efforts by acting as a catalyst for social advancement (Bharti, 2015). One of the most efficient ways to accomplish the goals listed in the Sustainable Development Goals (SDGs) is through education. One of the SDGs (Goal 4) specifically addresses education, emphasizing the creation of policies that guarantee inclusive, equitable, and high-quality education while encouraging opportunities for lifelong learning for all people (Sowjanya & Hans, 2019).

Education is essential to women's welfare, development, prosperity, and empowerment. Welfare has a major influence on women's roles as workers, homemakers, and contributors to the development of their countries, making it a crucial indicator of their financial inclusion (Serrao, Sequeira, and Hans, 2012). Women's empowerment has become a crucial factor in determining women's status in recent years. In order to enable women's full and meaningful empowerment, this paper examines ways to get past the barriers to their financial inclusion.

Education gives women the information, abilities, and self-assurance they need to fully engage in the process of development. It is also an essential tool for attaining equality because it promotes development through worldly knowledge, sharpens critical thinking skills, and cultivates useful abilities that support self-esteem and confidence. Additionally, it is critical for empowering women's participation in societal decision-making, improving family well-being, and improving women's quality of life. Women's education has a generational impact, affecting not only the women but also those in their immediate vicinity. As a result, education promotes gender equality and gives women more power.

Objectives of the Study

- To study the role of SHGs towards women empowerment.
- To examine the initiatives in establishing linkages between the socio-economic dynamics and women empowerment.

Methodology

The present research is based on data collected from secondary sources. These secondary data were obtained from a variety of published and unpublished materials, including records, books, magazines, and journals, in both print and digital formats. The study methodology relied primarily on previous literature reviews. In particular, it analyzed various research works on women empowerment, with special reference to Jayasheela & Hans, V. Basil (2014), Economic Empowerment of Women through SHGs among Social Groups: Evidence from the Grassroots, *Al-Shodhana*, 2(1), 35–56.

Conceptual and Operational Framework

Women are integral to the nation's development. Therefore, we must acknowledge the significance of education concerning woman empowerment in India. For Centuries, the empowerment of women in India has faced many problems, with the initial setback being the denial of basic educational resources (Sandhya,2015).Empowering women is essential for sustainable development and the realization of human rights for everyone. In India, financial inclusion is considered a vital component for achieving higher economic growth and inclusive development. It plays a crucial role in alleviating poverty and reducing the vulnerability of impoverished individuals, particularly woman. Self-Help Groups (SHGs) offer a distinctive method of financial intermediation, granting woman access to affordable financial services that enable them to attain independence.

Role of SHGS in Women Empowerment

Although women constitute 48 percent of the total population, their participation in economic activities is merely 34 percent. Without integrating women into the mainstream, national development cannot be achieved (Papannavar, 2016). SHGs have been pivotal for women financial inclusion, especially when rural Indian women has disconnected from the institutional banking system; they served as the primary catalyst for the financial movement. SHGs are essential for combating exploitation and fostering confidence in economic self-reliance among the poor, particularly women who often remain unseen in the social framework. The provision of credit through thrift and credit groups (SHGs) has emerged as an alternative to the traditional banking credit distribution system. SHGs have been showing to promote healthy

saving and banking habits among their members. The linkage between SHGs and banks has assisted poor women in enhancing their saving practices and engaging in income-generating activities.

The multifaceted process of empowerment enables people to acknowledge their identity and potential in all spheres of life. It entails removing the limitations imposed by cultural norms, beliefs, and practices in order to improve access to information, resources, autonomy, and decision-making. The goal of Self-Help Groups (SHGs) is to educate women about ongoing development initiatives. Additionally, they help women become economically independent and raise their social status (Radhakrishnan, 2013). TATA Steel Tejashwini programs, for instance, were created to enhance women's lives via Self-Help Groups (SHGs), effectively promoting their economic independence and empowerment. At the moment, Tejashwini serves 800 villages in Jharkhand, Odisha, and Chhattisgarh. In order to encourage women's economic independence, they have also implemented training in pickle-making, chicken-rearing, handicrafts, and other related skills through SHGs (Economic and Political Weekly 2014). Similar initiatives that support women's economic empowerment must be supported. Self-Help Groups (SHGs) have emerged as significant venues in Tamil Nadu for encouraging women to work for themselves, particularly in rural and semi-urban areas. SHGs enable women to start and run a variety of revenue-generating businesses by utilizing the combined strength of group-based microfinance, skill development, and entrepreneurial support. SHGs are able to access the credit, training, and market connections that are essential for business expansion thanks to government programs like the Tamil Nadu State Rural Livelihood Mission (TNSRLM) and financial institutions like Indian Bank. In Tamil Nadu, SHGs frequently run businesses in the following areas: food processing facilities, catering services, dairy farming, incense and sanitary napkin production, and tailoring. Several SHGs have also investigated cutting-edge industries like eco-friendly packaging, mushroom farming, and vermi-composting. After joining group ventures, women-led SHGs in districts like Theni, Dharmapuri, and Trichy have reported significant increases in household income, savings, and financial independence.

The viability of SHG businesses has been further improved by the state's strong support structure, which includes skill training under TNULM and front-ended subsidies from TAHDCO. In addition to creating jobs, these endeavors help women become more involved in decision-making, develop their leadership abilities, and empower society. As a result, SHGs are essential in helping women in Tamil Nadu transition from being passive recipients to active participants in the economy.

SHGs and Savings

Apart from self-employment, there exist additional indicators of financial inclusion, such as savings. A significant method to assess the empowerment of women through Self-Help Groups (SHGs) is by evaluating their savings capacity and realization. In their research conducted in DK District, Jayasheela and Hans utilized purposive and random sampling techniques to analyze the savings amounts of 302 SHG members. Among these, 81 members belonged to Scheduled Castes (SCs), 54 to Scheduled Tribes (STs), 36 to Minorities, and 131 to Other Backward Communities (OBC). The findings of their study clearly indicate that the majority of members began saving only after becoming part of the group. The researchers contend that within the Group, there exists a cap on savings, preventing members from saving beyond a predetermined monthly or weekly amount. This restriction undoubtedly hampers the savings potential of those members who are

capable of saving more. The study reveals that the estimated proportion of members who commenced saving only after joining the group exceeds 86 percent. When analyzed by social groups, it was observed that the proportion of members who began saving only after joining the group was significantly higher among SCs and STs compared to minorities and 'Others'. Furthermore, Jayasheela and Hans report that over 90 percent of members from SCs and STs indicated that they initiated savings only after joining SHGs. This suggests that the socially marginalized and economically disadvantaged segments of society appear to possess limited awareness regarding risk management and uncertainty through savings, as well as minimizing unproductive expenditures. The development and formation of a 'group' (i.e., a sense of cohesion and collective identity) have evidently fostered such transformations in the lives of these women. This has seemingly opened avenues for various changes across different aspects of their lives (Jaysheela and Hans, 2014).

Challenges Faced by SHGS

Women play an equal role in economic activities and their contributions are often more demanding than those of men whether in subsidiary farming or commercial endeavors, when compared to men, his is evident in the number of tasks completed and the time invested. Nevertheless, the lack of quality education among woman results in limited market, business and technical knowledge, which poses obstacles for woman seeking to engage in non-farm activities. There are numerous challenges related to both empowerment and Self Help groups (SHGs) both structurally and functionally. The degree women empowerment with in the societal hierarchy is primarily influenced by three factors, Economic, Social and Political identities and significance. These elements are deeply interconnected and inter related .for comprehensive empowerment of woman to occur, it is essential that the social, economic and political factors affecting the woman's life effectively coverage. Illiteracy, compounded by ignorance, serves as a barrier to the inclusive growth. There is a vital need to provide simplified, low cost accounts to lower entry barriers and address gender related obstacles in accessing financial services, thereby enhancing account ownership among woman. Financial literacy equips woman to make informed decisions by grasping the fundamentals of banking, planning savings and understanding asset allocation. It empowers woman to choose the best options according to their needs and enables them to assert their rights. Pratisha Pamasri Deka (2015) examined the significance of women financial inclusion and recognized financial literacy and inclusion as potent instruments for women empowerment. The study revealed that although women represent nearly half of the total population, many are deprived of opportunities and rights due to financial dependency. Financial inclusion contributes to an increase in regular savings while allowing women to afford microfinance and access credit. It enhances income through micro enterprises and improves market access.

Education is a crucial means of empowering women in rural areas and is in itself a human right. Education enables women to become more productive both inside and outside the household. Empowered women will be able to face the challenges of society and could stand for right and against evil happenings. So women education has a significant relation to women empowerment.

Education serves as a crucial tool for empowering women, equipping them with the knowledge, skills, and self-confidence required to participate fully in the development process. The current government is prioritizing financial inclusion through various initiatives. The aim of

the Pradhan Mantri Jan Dhan Yojana (PMJDY), launched in 2014, is to provide access to a range of financial services, including basic savings bank accounts, need-based credit, remittance facilities, insurance, and pensions for marginalized groups. This extensive outreach at an affordable cost is achievable only through the application of technology (Dev, 2016). Previously, the lack of access to formal financial services was attributed to inadequate documentation. However, this issue has been mitigated with the implementation of Aadhar, managed by the Unique Identification Authority of India (UIDAI), which issues Aadhaar numbers to citizens, facilitating easier documentation and access to financial services; approximately 6 million bank accounts were opened through e-KYC by June 2018. To address this challenge, one potential solution is to establish a social support network that positively impacts individual well-being and can translate individual effects to a macro level. It is clear that women Self-Help Groups (SHGs) have the potential to mitigate domestic violence in certain instances (Shirwadkar, 2015). Enhancing access to credit and technology is believed to boost their productivity, which, in turn, would positively affect the development process. Empowerment is intricately linked to development.

Recommendations

The Reserve Bank of India (RBI) acknowledges the significant role that technology plays in resolving the challenges associated with credit delivery in rural regions. It has instructed banks to effectively utilize information and communications technology (ICT) to provide doorstep banking services, enabling even illiterate customers to operate their accounts through biometrics, thereby ensuring transaction security and boosting confidence in the banking system. Additionally, it promotes the establishment of no-frills accounts, which require little to no minimum balance and impose nominal charges, making banking services accessible to a vast population. To facilitate seamless credit access for impoverished and disadvantaged rural and semi-urban customers, a general-purpose credit card facility has been introduced. These initiatives will yield positive changes, particularly when women are made aware of the specific legislation designed to protect their rights. They must assert themselves, mobilize resources, and oversee the necessary changes. Through their clear voices and choices, they should dismantle barriers to inclusive growth both at home and in the workplace. In this regard, we present the following recommendations for consideration by policymakers and practitioners.

The elimination of gender inequality should be the foremost objective across all domains of study, work, and development. A gender budgeting mechanism is urgently required and should be regularly monitored. This also entails tracking the funds allocated for female education in terms of expenditures and programming. Foster a sense of independence and self-confidence among women to encourage enterprise and excellence. Eradicate all forms of employment discrimination, particularly to eliminate wage disparities between men and women. Self-Help Groups (SHGs) that provide poor women with access to economic resources must be empowered with 'macro' finance. The introduction of vocational education is essential to enhance skill development and entrepreneurial capabilities.

Conclusion

The significance of women in India's economic development was initially acknowledged during the nation's quest for independence. Microfinance represents an effort towards the economic autonomy of the populace and marginalized groups, particularly women. Both governmental and non-governmental organizations, including the media, should actively participate in raising awareness and eradicating gender inequality within society. Our primary

focus must be on women, as they consistently face challenges posed by gender norms that restrict their resources and opportunities for advancement. Empowering women fosters social change and contributes to a larger battle against global poverty. The genuine and sustainable advancement of India relies on a positive socio-economic transformation, with men and women collaborating as partners in progress, mutually reinforcing each other's endeavours to dismantle obstacles to inclusive growth.

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