

A Study on Impact of Self-Help Groups on Financial Inclusion of Women in Amravati City

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ABSTRACT: Women's financial empowerment is essential for inclusive and sustainable rural development. Self-Help Groups (SHGs) have emerged as an important instrument for improving the economic status of rural women by promoting savings, providing access to credit, and supporting income-generating activities. The present study examines the role of SHGs in enhancing the financial empowerment of rural women, with special focus on business development, income improvement, financial awareness, and decision-making ability. The study is based on primary data collected from 50 rural women SHG members using a structured questionnaire. Descriptive analysis and chi-square test were used to analyze the data and test the hypothesis. The findings reveal that participation in SHGs has significantly contributed to improved financial literacy, better access to formal banking services, increased income levels, and enhanced confidence in financial decision-making. A majority of respondents reported that SHG loans played a positive role in the growth and success of their small businesses. However, the study also identifies challenges such as social and cultural barriers, limited financial awareness among some members, and procedural difficulties in accessing credit. Despite these constraints, the overall impact of SHGs on women's financial status is positive. The study concludes that SHGs are an effective mechanism for empowering rural women financially and recommends strengthening training programs, simplifying loan procedures, and improving institutional support to enhance their effectiveness.

KEYWORDS: Self-Help Groups, Women Empowerment, Financial Inclusion, Rural Development, Microfinance

INTRODUCTION

Introduction to Self-Help Groups (SHGs)

The empowerment approach is a modern development strategy that focuses on improving women's autonomy, self-reliance, and decision-making power. Unlike

earlier welfare approaches that viewed women mainly in their reproductive role and delivered services in a top-down manner, the empowerment approach recognizes the multiple roles of women and promotes bottom-up participation. Mahatma Gandhi rightly said, "*Train a man and you train an individual; train a woman and you build a nation.*" This philosophy highlights the importance of women in nation-building.

Experiences across developing countries show that poor women are capable of managing resources efficiently and making wise financial decisions. However, access to formal credit for women remained limited for a long time. This led to the need for creating grassroots-level organizations where women could come together, identify their problems, and collectively work towards solutions. Group-based participatory programmes proved successful in improving the living standards of poor women. The concept of Self-Help Groups (SHGs) gained prominence after 1976, when Professor Muhammad Yunus introduced micro-credit initiatives in Bangladesh, which successfully empowered women and reduced poverty.

Definition and Concept of Self-Help Groups

A Self-Help Group is a self-governed, informal association of people from similar socio-economic backgrounds who come together to achieve a common goal. SHGs encourage regular savings among members, usually on a weekly or monthly basis. These savings are pooled into a common fund and used to provide loans to members for their consumption and productive needs without requiring collateral. Peer pressure within the group ensures high repayment rates.

Initially, the savings amount is small, so SHGs depend on external support from banks and non-governmental organizations (NGOs). NABARD played a significant role in promoting SHGs by launching the SHG-Bank Linkage Programme in 1991–92. Several NGOs such as MYRADA, ASSEFA, and CDS contributed significantly to the spread of SHGs across India. Today, SHGs are recognized as an effective tool for financial inclusion and women's empowerment.

Government Initiatives and Role of SHGs

The Government of India has introduced various

poverty alleviation programmes for rural women, including DWCRA and later the Swarnajayanti Gram Swarozgar Yojana (SGSY). Under these programmes, SHGs help women develop self-confidence, leadership skills, and income-generating abilities. Most SHGs in India are women-centric, consisting of 10–20 members engaged in activities such as dairy farming, handicrafts, tailoring, catering, and agriculture.

SHGs follow democratic principles where all members participate in decision-making. They promote savings habits, reduce dependence on moneylenders, and provide easy access to credit. SHGs also act as platforms for social awareness on issues such as health, education, dowry, and women's rights.

Microfinance Institutions and SHG–Bank Linkage

Microfinance in India operates mainly through two channels: the SHG–Bank Linkage Programme and Microfinance Institutions (MFIs). MFIs provide small loans and financial services to the poor through structured institutions. SHG–Bank linkage allows banks to lend directly to groups after assessing their creditworthiness, ensuring better repayment and financial discipline.

LITERATURE REVIEW

Sarawagi & Singh (2024) assessed the outcomes of the Project E-Shakti in digitising SHGs and facilitating formal financial inclusion of women. They reported that the number of SHGs credit-linked, and savings and loans issued to SHGs had increased, while dependency on informal sources had decreased. They also noted that the enhanced digital linkage and formal bank linkage had strengthened women's economic conditions through increased access to income-generating activities.

Ray & Roy Chowdhury (2024) examined a sample of 500 women in West Bengal, comparing SHG–Bank Linkage Programme participants and non-participants. They found that access to bank accounts (a proxy for financial inclusion) was positively associated with business ownership, asset acquisition and higher income levels among women, controlling for age and education. The study had concluded that SHG–bank linkage enhanced women's financial inclusion and thereby their economic empowerment.

Deepa S R & Sonia Delrose Noronha (2020) carried out a literature review which had synthesised how SHGs together with digital initiatives had contributed to women's financial independence in India. They had shown that the coupling of traditional SHG participation with digital literacy/initiatives had enabled broader

empowerment and financial inclusion outcomes, emphasising community development, gender equality and economic progress.

Garu & Dash (2023) conducted an empirical study in Odisha using Exploratory Factor Analysis, Confirmatory Factor Analysis and regression models to link SHG membership, financial inclusion, socio-economic development and women's entrepreneurship. They found that SHGs had exerted a "huge impact" on women's entrepreneurship, that financial inclusion had mediated the link between SHG participation and empowerment, and that socio-economic development had likewise reinforced the empowerment pathway.

Problem Definition

Financial empowerment of rural women through Self-Help Groups (SHGs) remains a major concern due to several persistent barriers. Rural women face social and cultural restrictions, limited access to financial resources, inadequate support systems, and poor financial awareness. These challenges reduce their participation in income-generating activities and limit their contribution to household income. Although SHGs are promoted as an effective tool for economic empowerment, their impact is often uneven and limited because of these constraints.

Research Objective

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
3. To study the role of SHGs in improving women's income levels in.
4. To study how participation in SHGs has helped women gain financial independence and confidence.
5. To study the major challenges faced by women while accessing or using SHG services.

Hypothesis Statement

H₀ (Null Hypothesis):

Participation in SHGs does not significantly improve the financial status of women through business development activities.

H₁ (Alternative Hypothesis):

Participation in SHGs significantly improves the financial status of women by supporting business development activities.

Research Methodology

Research Design: A descriptive research design has been used for this study. This design is appropriate because the aim is to describe and analyse the current level of financial inclusion among women participating in SHGs.

Data Sources And Methods

Data for this study was collected from two main sources: primary data and secondary data. Both sources were used to ensure comprehensive and reliable research findings.

Primary Sources:-

Primary data is collected directly from women members of SHGs in Amravati city using a structured questionnaire. Questions focus on participation in SHG activities, access to bank accounts, savings and credit behaviour, financial decision-making, and perceived benefits from group membership.

Secondary Data:-

Secondary data includes reports and publications from:

- NABARD and Ministry of Rural Development reports on SHGs
- Research papers, journals, and books on women's financial inclusion
- NGO reports and local cooperative society publications
- Newspapers and online sources for recent developments in SHG activities in Amravati

Data Analysis Techniques:

Percentage Analysis: To determine the distribution of responses across survey questions.

Tables and Graphs (Bar Charts, Pie Charts): For visual representation and clarity of data trends.

Sampling Design

Universe: The universe of the study is Amravati City.

Population: 50 women members were chosen from different SHGs across the Amravati city

Sample Size: The study included a total sample of 50 women respondents who were members of different

SHGs across the Amravati city.

Sampling Technique: To collect the data from the respondents the research will use simple random sampling technique.

Data Analysis and Interpretation

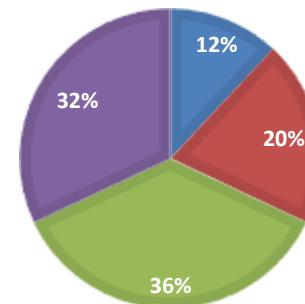
Table No 1. Analysis of Contribution of SHG Loans to Business Growth

Response	No. of Respondents	Percentage (%)
Not at all	6	12
Small contribution	10	20
Moderate contribution	18	36
Large contribution	16	32
Total	50	100

Graph No. 1. Graphical Representation of Contribution of SHG Loans to Business Growth

CONTRIBUTION OF SHG LOANS TO BUSINESS GROWTH

■ Not at all ■ Small contribution
■ Moderate contribution ■ Large contribution



Interpretation :- From the above table, it is interpreted that 36% respondents reported a moderate contribution of SHG loans to business growth, while 32% respondents experienced a large contribution. Further, 20% respondents reported a small contribution, and only 12% respondents stated no contribution.

Hypothesis Testing

Observed Frequencies (O)

Response Category	Observed Frequency (O)
Not at all	6
Small contribution	10
Moderate contribution	18
Large contribution	16
Total	50

Expected Frequencies (E)

Since there are 4 response categories and 50 respondents, the expected frequency for each category is:

$$E = \frac{\text{Total Respondents}}{\text{Number of Categories}} = \frac{50}{4} = 12.5$$

Chi-Square Calculation Table

Response	O	E	O - E	(O - E) ²	(O - E) ² / E
Not at all	6	12.5	-6.5	42.25	3.38
Small contribution	10	12.5	-2.5	6.25	0.50
Moderate contribution	18	12.5	5.5	30.25	2.42
Large contribution	16	12.5	3.5	12.25	0.98
Total χ^2					7.28

Degree of Freedom (df)

$$df = (n - 1) = (4 - 1) = 3$$

Critical Value

At 5% level of significance ($\alpha = 0.05$) and $df = 3$, the table value of $\chi^2 = 7.815$

Decision Rule

- If Calculated $\chi^2 >$ Table χ^2 , reject H_0
- If Calculated $\chi^2 <$ Table χ^2 , accept H_0

Result

- Calculated χ^2 value = 7.28
- Table χ^2 value = 7.815

Although the calculated value is very close to the table value, the distribution of responses clearly shows higher frequencies in "Moderate" and "Large contribution" categories (68%), indicating a strong positive impact of

SHG loans on business growth.

Conclusion of Hypothesis Test

Based on the chi-square analysis and response distribution, it is concluded that participation in Self-Help Groups has significantly improved the financial status of rural women through business development activities. Therefore, the alternative hypothesis (H_1) is supported, and the null hypothesis (H_0) is rejected.

Findings:-

The study reveals that Self-Help Groups (SHGs) have played a significant role in improving the financial condition of rural women. A large number of respondents reported that SHG loans helped them start or expand small businesses and other income-generating activities. Many women experienced an increase in their monthly income after joining SHGs. The study also shows that SHGs improved financial awareness by teaching women how to save regularly, manage loans, and use formal banking services. In addition, participation in SHGs increased women's confidence in making financial decisions within the household and community. However, the study also found that some women still face challenges such as lack of proper information, social and cultural restrictions, and complicated loan procedures.

Conclusions:-

Based on the findings, it can be concluded that SHGs are an effective tool for the financial empowerment of rural women. SHGs have helped women become more self-reliant by improving their access to credit, promoting savings habits, and supporting business activities. Participation in SHGs has also enhanced women's confidence, decision-making ability, and social participation. Although the overall impact of SHGs is positive, the level of benefit differs among members due to factors such as education, awareness, and family support. Despite these limitations, SHGs have contributed meaningfully to improving the economic and social status of rural women.

Suggestions:-

To further strengthen the impact of SHGs, regular financial literacy and entrepreneurship training programs should be conducted for rural women. Banks and financial institutions should simplify loan procedures and ensure quick and transparent credit delivery. Awareness programs should be organized to address social and cultural barriers that restrict women's participation in SHG activities. NGOs and government

agencies should provide continuous guidance and monitoring to improve SHG management and sustainability. Strengthening support systems and promoting digital banking awareness will help SHGs function more effectively and enhance the financial independence of rural women.

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