

Study The Financial Institutions Role in Strengthen Women's Self-Help Group

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Abstract

Self-help groups are small, volunteer groups of low-income individuals, ideally from similar socioeconomic backgrounds. Rural women come together to solve common problems like employment, livelihood, socio-economic challenges etc. The primary goal of the self-help groups is to encourage modest savings among its members. Self-help groups actively contribute to the development and empowerment of rural women. This research aims to determine the role of loans and different financial institutions and examine loan repayment abilities as a key factor in women SHG's performance. showed that out of 30 respondents, 43.3 per cent fall into the old age group recognized by those above 50 years of age. 33.3 per cent of the respondents completed at least a middle level of schooling, and a minimum of 10.0 per cent was achieved to obtain higher study. 40.0 per cent of respondents have up to 1.0 ha. agricultural land recognized as marginal farmers. The t-test of the analysis reveals that the p-value on one-tailed significance at the 90% confidence level is 0.144. Since the $p < 0.05$, this hypothesis is accepted. Hence obtained result concludes that different loan-providing institutions played significant roles in borrowing loans and engaged in various production activities. Likewise, loan repayment by the SHGs was examined. The t-test result showed that the p-value of one-tailed significance at the 90% confidence level is 0.189. Since the $p < 0.05$, the hypothesis has been accepted.

Keywords: Self Help Group, Women Empowerment, Financial Institution, DAY-NRLM, Livelihood

1. INTRODUCTION

In India, self-help groups, or SHGs, are growing in popularity as a type of group work [1]. India is among the world's biggest democracies. Our constitution's primary goal is to give all citizens equal chances. Women's empowerment contributes to national empowerment. The nation's social and economic progress is aided by the empowerment of women. Women continue to lag far behind in the rapid speed of progress. Self-help groups are small, volunteer groups of low-income individuals, ideally from similar socioeconomic backgrounds [2]. Rural women come together to solve their common problems like

employment, livelihood, socio-economic challenges etc. The primary goal of the self-help groups is to encourage modest savings among its members. Their loan process and savings are handled by regional scheduled banks. Different non-governmental organizations (NGOs) play a helping hand in the process and the formation of groups, livelihood activities, training and operations. Saving activity is the main priority for the women. The group savings are the initial source of lending to group members, followed by the bank. After the collection of small savings by the women's groups, they move to the bank to deposit the amount. The opportunity to access recognized financial institutions is made available via self-help groups.

Self-help groups actively contribute to the development and empowerment of rural women. 10-15 people from similar economic backgrounds make up these groupings. These groups begin saving as soon as possible when the group is formed. To ensure the active participation and encouragement of the members, a weekly meeting organized and discussed the solution of encountered problems. Each member shall be responsible for the growth of each other's. For improved overall performance, government financial institutions follow the guidelines set forth by NABARD and the Reserve Bank of India. These groupings are exempt from registration requirements and another credential for conducting financial transactions inside the group since they have been recognized by the RBI. After six months of the group formation, these groups were able to receive financial support in the form of loans from the scheduled banks. The total amount of savings is the basis for loan provision. After one year of group existence, it will be eligible for funds raised as a loan from the financial institution. For the more efficiency of the group, the loan sum has grown to seven times the self-help group's total savings after the two years. It is a thumb rule that every loan is approved based on how well the self-help group performs. Such microfinance strategies play a crucial role in rural development as well as women's empowerment through SHGs with the help of financial institutions.

2. Literature Review

Given that women are typically the primary target demographic for the microfinance industry, It can be acknowledged as a crucial tool for empowering women [3]. Nonetheless, there is a great deal of disagreement in the literature on the impact of microfinance on women's empowerment. While some academics believe microfinance is effective in creating feasible development routes, others have found it to be a tool that exacerbates women's stress. According to the former (Hashemi et. al., 1996), who created a systematic framework for examining eight distinct aspects of empowerment, microcredit significantly improves the majority of the previously determined indicators [4]. Because of its great potential to reduce poverty and promote general development, women's empowerment is a major area of concentration in developing nations. Microfinance institutions (MFIs) have become viable tools for tackling poverty and empowering women [5]. Empowering women has a significant impact on family, health, education, and economic production, making it essential for the advancement of society. In general, women who participate in microfinance have improved self-confidence, decision-making skills, and financial independence [6]. Self-help group ideas foster self-confidence, self-security, and self-reliance. They also have the potential to raise awareness of daily issues, encourage saving habits, build personal and community assets, raise income levels, and enhance social power, among other things. Self-help groups currently serve as a substitute for banks and money lenders for the beneficiaries. They allow women to increase their savings and obtain credit, which banks are becoming more and more prepared to provide [7]. Women's financial independence has been attributed to microfinance, which has allowed them to start

enterprises, grow their savings, and contribute to household income. Particularly, the SHG model has received recognition for promoting female social cohesiveness and group action on problems including domestic abuse, healthcare, and education [8]. To empower rural women and improve their capacity for sound financial decision-making, microfinance services are a crucial instrument. Empowerment is measured using a variety of metrics, including savings mobilization, market involvement, and skill development via training initiatives. microfinance's beneficial effects on rural women's well-being include granting them access to and control over resources and assisting small investment initiatives that raise their level of living [9]. This research aims to determine the role of loans and different financial institutions and examine loan repayment abilities as a key factor in the performance of women SHG's.

3. Methodology

The current research was performed in Surajpur district of Chhattisgarh. We choose ten villages, Ajirma, Brijnagar, Govindpur, Kanakpur, Korla, Newara, Salka, Tendupara, Sonwahi and Sambalpur through the lottery method. A list of SHGs was obtained from the official website of Deendayal Antyodaya Yojana National Rural Livelihood Mission (DAY-NRLM). Three SHG groups from each village were selected on a random basis for the data extraction. A structured interview schedule was used as a data collection tool for focused group interviews. A total of 30 women self-help groups made respondents in this study. The raw data was sorted and statistically proved in open excess software Microsoft Excel where the Arithmetic mean, Standard Deviation, Standard Error Mean and test of hypothesis were calculated.

4. Result

Demographic Analysis

Table 1 shows that out of 30 respondents, 43.3 per cent fall into the old age group which is recognized by those above 50 years of age and 33.3 and 23.3 per cent of respondents belong to the Middle and young age groups respectively. According to this data, the old-aged group holds a lot of experiences of life and they are mature enough to think about the group's welfare. The educational status of human beings is proportionally related to their sustainable growth and development. According to the findings, 33.3 per cent of the respondents completed at least a middle level of schooling, and a minimum of 10.0 per cent achieved to obtain higher study viz., College and university courses. This study has not found any illiterate respondents within the SHGs. The size of landholdings denotes their dependency on farm activities that decide the annual income of the family. The respondents were categorized into four major groups according to the landholding size i.e., marginal, small, medium, and large. The author found a maximum of 40.0 per cent of respondents have up to 1.0 ha. agricultural land recognized as marginal farmers. Likewise, 10 per cent of respondents have more than 4.0 ha. land holdings mean those are large farmers. Thus, it was evident that the majority of respondents have significant cultivable land for livelihood.

Table 1 Demographic Data

| Categories | No. of beneficiaries | % | Mean | SD | SEM | t-stat | p-Value |
|--------------------|----------------------|------|------|------|------|--------|---------|
| Age of Respondents | | | | | | | |
| Young (Up to 35) | 7 | 23.3 | 10 | 3 | 1.13 | 2.645 | 0.059 |
| Middle (36 to 50) | 10 | 33.3 | | | | | |
| Old (Above 50) | 13 | 43.3 | | | | | |
| Educational Status | | | | | | | |
| Primary | 5 | 16.7 | 6 | 2.64 | 1.18 | 0.845 | 0.222 |

| | | | | | | | |
|---------------------------|----|------|-----|------|------|-------|-------|
| Middle | 10 | 33.3 | | | | | |
| High School | 5 | 16.7 | | | | | |
| Higher Secondary | 7 | 23.3 | | | | | |
| Above | 3 | 10.0 | | | | | |
| No. Land Holding | | | | | | | |
| Marginal farmers | 12 | 40.0 | 7.5 | 4.20 | 1.21 | 2.060 | 0.065 |
| Small famer | 10 | 33.3 | | | | | |
| Medium farmers | 5 | 16.7 | | | | | |
| Large farmer | 3 | 10.0 | | | | | |
| Family Size | | | | | | | |
| Small | 7 | 23.3 | 10 | 4.35 | 1.64 | 1.517 | 0.134 |
| Medium | 15 | 50.0 | | | | | |
| Large | 8 | 26.7 | | | | | |
| Occupation | | | | | | | |
| Agriculture | 14 | 46.7 | 10 | 3.60 | 0.96 | 2.075 | 0.086 |
| Agriculture + Allied work | 7 | 23.3 | | | | | |
| Agriculture + labour | 9 | 30.0 | | | | | |
| Annual Income | | | | | | | |
| Upto 15000/- | 8 | 26.7 | 10 | 3.46 | 1.22 | 3.265 | 0.041 |
| 15001/- to 20000/- | 14 | 46.7 | | | | | |
| 20001/- to 25000/- | 8 | 26.7 | | | | | |

Source: Primary Data

The socio-economic status of the respondents is much concerned by the size of the family. In this regard, authors found 50 per cent of the respondents have medium family sizes where 6-8 members noted. This study found that 46.7 per cent of the respondents solely depend on agriculture or farm activities. However, agricultural and allied work was done by 23.3 per cent of the respondents and 30 per cent of women engaged in both agricultural as well as labor works outside of the farm. Out of the 30 respondents, 46.7 percent of the women's family have Rs. 15001 to 20000 incomes annually from all sources. Furthermore, 26.7 per cent of the respondents earned Rs. 15000 and 20001 to 25000 categories. Thus, this minimum annual income indicated that the SHG and agricultural workers collectively generate their annual income which enables them to access good living conditions.

Test of Hypothesis

Table 2 Test of hypothesis

51

| Loan Institution | Respondent | % | Mean | SD | SEM | df | μ | t-stat | p-value |
|--|------------|-------|------|------|------|----|---|--------|---------|
| H1: The loan institution plays significant role to borrow loan. | | | | | | | | | |
| Govt. Bank | 13 | 43.33 | 7.5 | 4.20 | 1.16 | 3 | 6 | 1.286 | 0.144 |
| Private Bank | 8 | 26.67 | | | | | | | |
| Private Finance firm | 6 | 20 | | | | | | | |
| Local lender | 3 | 10 | | | | | | | |
| H2: Loan repayment significantly influenced to the active participation of SHG | | | | | | | | | |
| Weekly | 3 | 10 | 7.5 | 4.20 | 2.42 | 3 | 5 | 1.030 | 0.189 |

| | | | | | | | | | |
|-------------|----|----|--|--|--|--|--|--|--|
| Fortnightly | 5 | 17 | | | | | | | |
| Monthly | 10 | 33 | | | | | | | |
| Six monthly | 12 | 40 | | | | | | | |

The t-test of the analysis reveals that the p-value on one-tailed significance at the 90% confidence level is 0.144. Since the calculated p-value is less than the table value, this hypothesis is accepted. Hence obtained result concludes that different loan-providing institutions played significant roles in borrowing loans and engaged in various production activities. Likewise, loan repayment by the SHG's was examined. The t-test result showed that the p-value of one-tailed significance at the 90% confidence level is 0.189. Since the calculated p-value is less than the table value, the hypothesis has been accepted.

5. Conclusion

Self-help groups achieved the badge of a game changer in the livelihood generation and women's empowerment. It is recognized as a catalyst for strengthening the rural economy through community engagement. Active participation of the different financial institutions led to the maximum engagement of SHG's in rural areas. Noteworthy, SHG has significantly paid its loan amount. It defined the active participation. Laon and financial institutions are the most crucial entities for entrepreneurship and businesses. Start-ups, new businesses, and production cycles merely depend on those institutions for growth and development. This paper also outlines the socio-economic status of the women SHG including their education, occupation, land holdings and annual incomes.

Conflict of interest

There are no conflict of interest.

Ethical consideration

Not applicable

Grants and fundings

This research have not received any financial support.

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