

# Financial Independence Through SHGs Enhancing the Role of Women as Household Decision Makers

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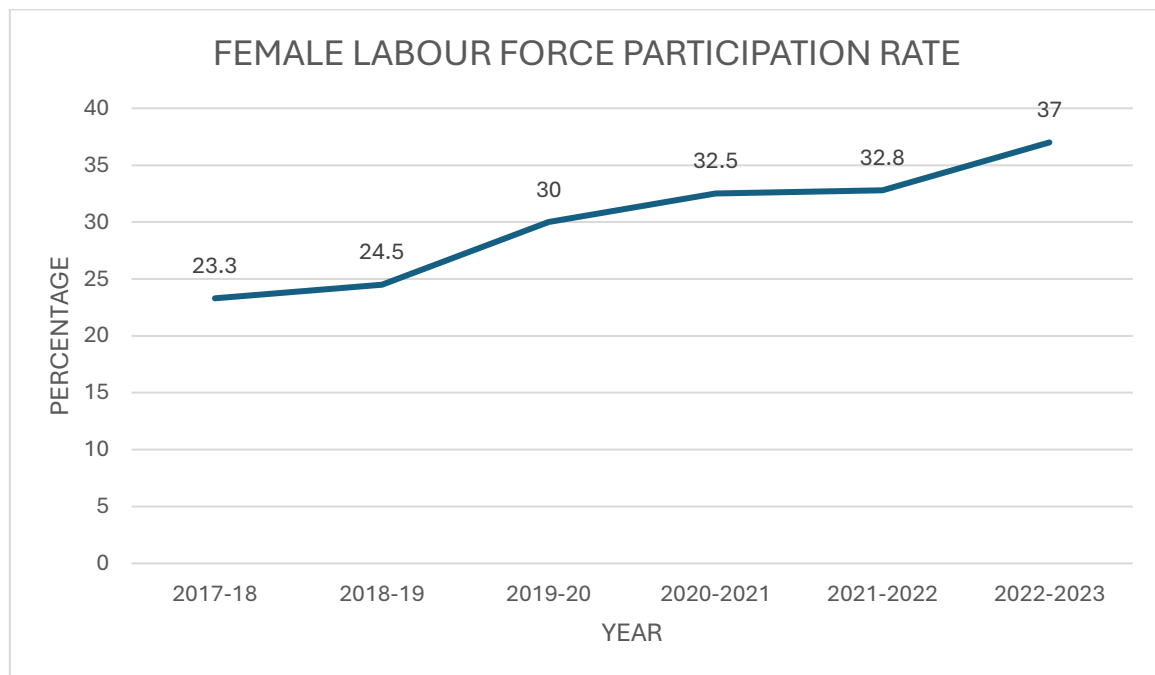
## Abstract

Self-help Groups are voluntary association of people related to same socio-economic background, With the aim to provide collateral free micro credit to the people who are otherwise not able ,or has not access to banks .The initiative started in 1990 with the formation of Employed Women's Association (SEWA) and in1992 NABARD launched The SHG bank linkage Project that became world's largest microfinance project by the year 2022, serving 142 million families with saving deposits totalling Rs 47,240 crore([economictimesofindia.com](http://economictimesofindia.com)) In India Approximately 88 % of self- help groups are women led. Who are making women financially independent through providing them collateral free loan and assisting them to start their micro and small enterprises, simultaneously helping them to take their decisions related to their business, savings, and credits, taking and giving loan to members of SHG and also repayment of loan etc. Women who are earlier dependent on some male member of the family for taking decisions for money related matters getting opportunity to do it by themselves which boosting their confidence and decision-making ability, and by becoming financially independent it has been seen that their decision-making power as a household increased. The aim of the study is to examine the importance of SHGs in empowering women in their household decision making and bridging the gender gap. The study is based on secondary Data. Data is collected from Journals, magazines, article published in newspapers and online articles etc. The research will help to bridge gender gap and women empowerment especially in rural areas and provide more woman participation in household decision making.

**Keywords:** Self-Help Group, Decision Making, Gender Gap, Financial Independence.

## Introduction:

Although having approximately 50% of population. considered as equal partners women not only in India but in the whole world are not getting equal rights. As we can see in the given table below that the **FEMALE LABOUR FORCE PARTICIPATION RATE** in India although ([pib.gov.in](http://pib.gov.in), 2023) rising but still not on required level as we can see its gradually going upward as data provided by Press information bureau ([pib.gov.in](http://pib.gov.in)) we can see a rising upward pattern since 2017-18.



(Press information Bureau 2023)

Many studies are also showing that even women have not any participation in day-to-day household decision making, and it has been seen that women who are financially independent have more household decision-making power. here in this study, we are trying to find out the role of financial independence through Self Help Groups (SHGs) especially in rural India helping women in taking and participating in household decision making. As we can see on the chart given above the female labour force participation rate increasing gradually year by year which has a positive impact on women empowerment and their participation in day-to-day decision making related to household matters.

## Literature review :

Financial independence is a crucial aspect of women's empowerment, and Self-Help Groups (SHGs) have emerged as a potent tool in promoting financial independence among women. The empowerment of women through financial independence has a ripple effect on the entire household, as it enables them to take informed decisions and participate actively in household decision-making processes.

Studies have consistently shown that women's participation in SHGs has a positive impact on their financial independence (Kumar et al., 2017; Mishra et al., 2018). SHGs provide a platform for women to access credit, savings, and other financial services, which were hitherto inaccessible to them. Through SHGs, women can avail themselves of small loans, which they can use to invest in income-generating activities, thereby enhancing their financial independence (Mahendra Dev, 2011).

Financial independence has been found to have a positive impact on women's decision-making power within households. A study by Panda et al. (2015) revealed that women's participation in SHGs increased their decision-making power in areas such as household expenditure, education, and healthcare. Similarly, a study by Singh et al. (2019) found that women's financial independence through SHGs enabled them to take independent decisions regarding their own health, education, and employment.

Moreover, research has shown that women's financial independence has a positive impact on their self-esteem, confidence, and overall well-being (Kaur et al., 2018). When women are financially independent, they are more likely to participate in community activities, take leadership roles, and engage in entrepreneurship, which further enhances their decision-making power within households (Ahuja et al., 2016).

The role of SHGs in enhancing women's financial independence and decision-making power has been reinforced by several studies. A study by the National Bank for Agriculture and Rural Development (NABARD) found that SHGs have been successful in empowering women by providing them with access to credit, training, and marketing support (NABARD, 2017). Another study by the Reserve Bank of India (RBI) revealed that SHGs have been instrumental in promoting financial inclusion among rural women (RBI, 2019).

In conclusion, the literature suggests that financial independence through SHGs is an effective means of empowering women and enhancing their role as household decision makers. By providing women with access to credit, savings, and other financial services, SHGs have been successful in promoting financial independence and decision-making power among women. This review highlights the importance of SHGs in promoting women's empowerment and suggests that policymakers and practitioners should continue to support and strengthen SHG initiatives to promote financial independence among women.

**Objective of the study:**

As SHGs are becoming a means of collateral free loan and many government policies are encouraging women SHG members to start their small and medium enterprise and giving them financial independence and boosting their confidence, so in this study we are trying to access the effect of financial independence on women's Household decision making.

**Research Methodology:**

This research is based on secondary data, which means that the information is gathered from existing sources. The primary sources of data for this study are journals, magazines, articles published in newspapers, online articles, and other similar publications. These sources provide a wealth of information that can be analysed and interpreted to answer the research questions.

**Key Terms:****Financial Independence:**

Financial independence: In a simple way financial independence is the ability to earn a living and enable people to pay their dues and sustain themselves to live comfortable life. (Bhatpahari, Gautami Barge, Dr. (2023). (Megan Maxwell, 2021)

**Self Help Group:**

Self -help groups are voluntary association of 20-25 people from homogenous group of lower economic background with the objective to help them financially.

**Decision making:**

According to Arnaldo Oliveira (2007) decisions are responses to situations which include three aspects: First, there may be more than one alternative choice or a belief of action under consideration. Second,

decision makers can alter or form expectations concerning future events that are often describe in terms of probabilities or degree of confidence, and finally, the consequences of a decision that is associated with the probability of success or effectiveness by choosing the best fitted option, that can be assessed in terms of reflecting personal values and current goals.

**Gender Gap:**

It refers to differences between women and men, especially with regard to economic, social, political, intellectual, and cultural.

**History of Self-Help Group:**

Self Help Groups Introduced by Noble laureate Mohd. Yunus in 1975 which helped rural people in Bangla Desh to get easy collateral free micro credit through Gramin bank, which gradually help them to be able to financially independent. In India the first SHG SEWA started by Elaben Bhatt, The Self-Employed Women's Association (SEWA) in 1972, SEWA was born out of the Textile Labour Association (TLA) which was established by Mahatma Gandhi and Anasuya Sarabhai 1920.

- TLA broke in 1981 and SEWA came into existence.
- SEWA Bank was established in 1974 to provide small loans to financially weaker section and to rural people, especially women.
- This initiative get recognition by the International Labour Organisation (ILO) as a microfinance movement.
- Anyone who is self-employed can be its member.
- It was started first in Bangla Desh. In India it is spread across 18 states and in other countries of South Asia, South Africa, and Latin America.
- It has helped women in many ways by empowering them financially by training and skilling them.

**Self Help Group-Bank Linkage Programme (SHG-BLP):**

The model of 'SHG-BLP' has emerge as a cost-effective system for providing financial assistance to the underprivileged and marginalised poor households. Which started as a pilot programme to link 500 SHGs of poor to the formal financial institutions during the year 1992 has now become the world's largest microfinance programme.

**The Principle or Panchsutras of Self-Help Groups:**

There are 5 principle or panchsutras of SHGs which make them reliable -

Regular Meeting

Regular Savings

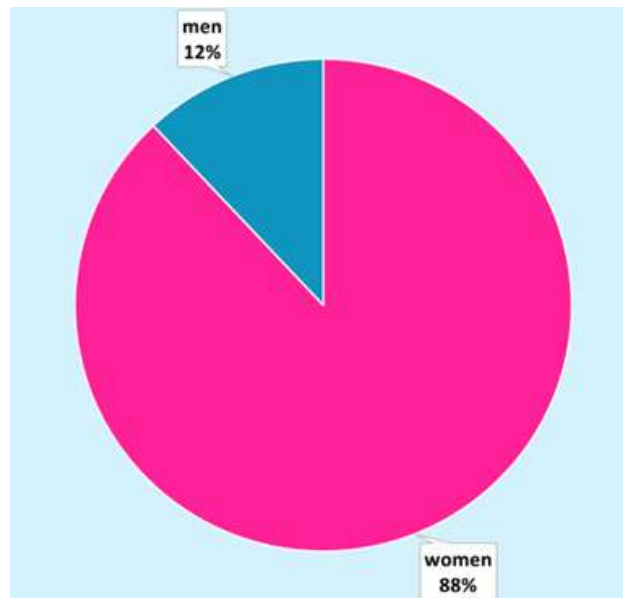
Internal lending

Regular Repayment

Book Keeping

## SHARE OF WOMEN AND MEN IN SELF-HELP GROUPS:

In India there is almost 12 million SHGs and women self help groups share a quiet high percentage, as in India 88% .



## Role of Self-Help Groups in helping women to be financially Independent:

- **Inculcating saving habits in women.**

Self Help Groups are voluntary association which helps women of weaker economical section of society to form a group and start to save a small amount periodically, which further they can borrow or lend some group members who are in need or want to start their small businesses.

- **Providing necessary training and skill.**

Some Self-Help Groups are formed with the help of some NGO which help them by providing and training members with necessary skill required for doing that business.

- Enabling women to handle and take decisions regarding their finances.
- Boosting their morale and confidence.

## Analysis of the study:

A table of researcher and their findings which helped to draw conclusion is given below with their respective findings and suggestions.

S.NO.	Name of researcher	Name Of Article/research Paper	Year of Publication	Conclusion/Findings
1.	Subash Surendran Padmaja, Aditya Korekallu	Women self-help groups and intra-household decision-making in agriculture	2023	The study concludes that women's membership in SHGs improves their role in decision-making by making them financial independent

	Srinivasa, Pooja Trivedi, Kondapi Srinivas			However, it depends on the type of intervention and the decision.
2.	Anjini Kochar, Closepet Nagabhushana, Ritwik Sarkar, Rohan Shah, Geeta Singh	Financial access and women's role in household decisions: Empirical evidence from India's National Rural Livelihoods project☆ Author	2021	Find that there is a significant effect of Community Investment Funds (CIFs) on women's decision-making. By Providing them easy and collateral free loans to start their enterprise.
3.	Gaurav Joshi	An analysis of women's self-help groups' involvement in microfinance program in India	2019	The finding of the study Shows that there are some factors like age, education, family type and distance from the marketplace plays a crucial role on the participation of women in SHGs and the study also suggest that after joining the SHGs there is significant increase in empowerment index of women SHGs participants ,as they becomes financially independent.
4.	S. Pandey	Help Groups and the role of Women in Household Decision Making: Cases of SC, OBC and Mixed Groups.	2017	Analysis of data reveals that the role of women in making decisions like schooling of children specially for girls, family planning, casting votes, and decisions on moving alone to places located far from the village has increased after joining the group. It was also found that the SC women are participating more in household decision making in comparison to other groups.
5.	(L Vachya, 2015) B.Kamaiah	Microfinance Impact on Socio-Economic Empowerment -A Special Reference to Andhra Pradesh	2015	<i>The study found that the socio-economic factors have undergone drastic changes. It also states that household decision making by women increased and . The study also suggests that the government should make and implement suitable programmes for the socioeconomic empowerment of women.</i>
6.	Vachya Lavoori	Microfinance impact	2014	Empowerment through SHGs would

	Rajendra Narayan Paramanik	on women's decision making: a case study of Andhra Pradesh		impact rural women by giving them immense confidence to mould their lives and that of their families, by attaining financial independence.
7.	Ahmed, Badiuddin & Shaik, Nayamath Basha.	Role of Self-Help Groups in Women Empowerment,	2014	Concluded that SHGs are great medium to empower women financially and Government should implement new schemes to empower these SHGs.
8.	Dr. Ansuman Sahoo	Self Help Group & Woman Empowerment: A study on some selected SHGs.	2013	Women, through this SHG movement have asserted a dignified position in the family as well as in the society. Their decision-making power has immensely enhanced not only in their family but also in the society.
9.	Raj M. Desai Shareen Joshi	Collective Action and Community Development: Evidence from Women's Self-Help Groups in Rural India	2012	SHG membership raises a household's income by increasing labour participation and also they get good returns on savings, the article defines that the presence of SEWA programs will increase women's decision-making autonomy within their households.
10.	Jatin Pandey Rini Roberts	A study on empowerment of rural women through self-help groups (Jatin Pandey, 2012)	2012	In their study researcher found that the women who have financial independence experienced feelings of autonomy, strength, self-identity and increased level of self-confidence Besides this involvement in SHGs has made women to have a say in the community matters and they have been able to handle problems and have gained confidence over decision making in the issues related to the matters of household.

## Share of working and nonworking women in Household decision making.

		Total%	Dhanbad%	Indore%	Patna%	Varanasi%
Cooking	Decides	56	51	57	58	57



	<b>Most say</b>	<b>41</b>	<b>38</b>	<b>41</b>	<b>47</b>	<b>41</b>
	<b>Budget</b>	<b>21</b>	<b>12</b>	<b>24</b>	<b>22</b>	<b>25</b>
<b>Children's Education</b>	<b>Decides</b>	<b>20</b>	<b>18</b>	<b>19</b>	<b>26</b>	<b>19</b>
	<b>Most say</b>	<b>22</b>	<b>28</b>	<b>17</b>	<b>27</b>	<b>17</b>
	<b>Budget</b>	<b>16</b>	<b>11</b>	<b>15</b>	<b>17</b>	<b>15</b>
<b>Appliances</b>	<b>Decides</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>5</b>
	<b>Most say</b>	<b>8</b>	<b>16</b>	<b>4</b>	<b>9</b>	<b>4</b>
	<b>Budget</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>6</b>

(Megan Maxwell, 2021) and Milan Vaishnav in their Article Urbanisation, gender, and social change: Do working women enjoy more agency? Did a survey and asked male and female in the same family, mainly about three domains within the household – work related to cooking, education of their kids, and about the purchase of any expensive appliances related to home. They asked three questions related to each domain, (a) Who makes decisions in this domain? (b) Who has the most say? and (c) Who has the most say on finances related to that issue? Their analysis is based on women's responses to these questions.

Researchers found that there is significant difference in decision-making agency across every Domain (Table given above). 56% of women respondent says that they decide what is being cooking daily, and 41% of women says that they have the most say. But these numbers drop drastically when it comes to decide for their children's education (20% of women decide, and 22% have the most say), and we can see on the table that decision making decline further when it comes to decide for expensive household Appliances (just 6% of women decide, and 8% have the most say).

## Conclusion:

It has been seen in previous studies that women who are earning and financially independent has more say in household decision making. And in rural areas SHGs are becoming a mean to helping women to be financially independent and confident, by providing them assistance to start their small and micro enterprise so we can say that financial independence through SHG helping women in improving their household decision making capabilities.

The present study has underscored the pivotal role of Self-Help Groups (SHGs) in promoting financial independence among women, which in turn enhances their role as household decision makers. The findings of this study have significant implications for policymakers, practitioners, and researchers working towards women's empowerment and household well-being.

The study has demonstrated that SHGs provide a conducive platform for women to access financial services, build social capital, and develop entrepreneurship skills. These outcomes have a direct bearing



on women's financial independence, which is a critical determinant of their decision-making power within households.

The empowerment of women through financial independence has far-reaching consequences for household well-being, including improved education and health outcomes for children, increased savings and investments, and better management of household resources. Moreover, financially independent women are more likely to participate in community activities, engage in entrepreneurship, and take leadership roles, which can have a transformative impact on their families and communities.

The study's findings also highlight the importance of SHGs as a viable strategy for promoting financial inclusion and women's empowerment. SHGs have been instrumental in reaching out to rural and marginalized women, who are often excluded from formal financial systems. By providing access to credit, savings, and other financial services, SHGs have been successful in bridging the financial gap and promoting economic opportunities among women.

In conclusion, the present study has demonstrated that financial independence through SHGs is a critical factor in enhancing the role of women as household decision makers. The study's findings underscore the need for policymakers and practitioners to continue to support and strengthen SHG initiatives, particularly in rural and marginalized areas. By promoting financial independence among women, we can unlock their full potential, empower them to take informed decisions, and ultimately, improve household well-being and community development.

Based on the study's findings, the following recommendations are made:

1. **Scale up SHG initiatives:** Governments, NGOs, and financial institutions should scale up SHG initiatives to reach more rural and marginalized women, providing them with access to financial services and entrepreneurship opportunities.
2. **Capacity building and training:** Women participating in SHGs should be provided with capacity-building training and skills development programs to enhance their financial literacy, entrepreneurship, and leadership skills.
3. **Access to credit and markets:** SHGs should be linked to formal financial systems, enabling women to access credit and markets, and thereby increasing their financial independence and entrepreneurship opportunities.
4. **Monitoring and evaluation:** Regular monitoring and evaluation of SHG initiatives are essential to assess their impact and identify areas for improvement, ensuring that women's empowerment and financial independence are achieved.

By implementing these recommendations, we can promote financial independence among women, empower them to take informed decisions, and ultimately, improve household well-being and community development.

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