

## **Empowering Women Financially: An Empirical Study of Self-Help Groups in Udupi District**

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### **Abstract**

*The present research being a micro study looks into the degree and process of financial self-employment of women through Self Help Groups, especially in Udupi District of Karnataka. Through SHGs, women have formed an effective channel for credit and banking services for women, especially for women in rural areas. The study objective is to search for the effectiveness of SHGs in providing credit, income generation, and financial literacy to increase women's capability, and the test of self-empowerment, for example, decision-making power in homes and other areas. Data collection was done through Questionnaires and Interviews with the help of SHG women in Udupi. The study established that women can borrow cash from SHGs, save, and start small businesses. The study also reveals some of the drawbacks that limit the optimization of SHGs in improving women's lives; these are poor financial education and inadequate external support. This study finds that financial self-reliance amongst the SHGs is dependable however; long term and enhanced power is entirely possible with the executing fresh programs like instrumental ascendancy and favorable coverage. The study's findings can thus guide efforts in enhancing the effectiveness and viability of SHGs in the other districts of the rural region including Udupi.*

**Keywords:** *Financial empowerment, Self- Help Groups, self- reliance, financial literacy*

### **Introduction:**

Women's financial literacy is essential for sustainable development and equality between men and women. SHGs are popular in rural India where circumstances push women to the periphery of the economic system to provide financial and economic self-sufficiency, mean, and self-employment. SHGs involving 10 to 20 women are local-level financial intermediaries that undertake savings, credit, and income generation without necessarily supporting banking architecture Considering the sodality that SHGs have developed in Udupi district, Karnataka empowering the women's finances through the same is the central theme of this study. As a place that enjoys socio-economic diversification, the area of Udupi affords a great opportunity to

analyze the impact of SHGs on the increased tendency of the female population to become financially independent. These groups aim to improve the overall saving and borrowing abilities of women and; hence, empower them on issues to do with credit collateral and other entrepreneurial activities. The purpose of the study is to assess the effectiveness of SHGs in financially enhancing women's status and empowering them to participate in decision-making in the household and at a community level. It also seeks to find out the difficulties the groups encounter, drawbacks such as poor knowledge in finance aspects, lack of education, and problems associated with sustainability. The research results of the study conducted in Udupi may be useful to identify the changes in women's position due to SHGs, in addition to revealing how to advance the

development of such groups for sustainable improvements. This research intends to investigate the economic and social aspects of the empowerment of women through self-help groups in Udupi and to add to the literature on gender equity and rural Indian development.

By coming together in SHGs, women not only gain access to financial services, such as savings and loans but also grow in confidence and decision-making ability.

The main goal of this study was to understand how SHGs help women improve their financial literacy and participate in economic activities. It also looked at how being part of an SHG affects women's roles within their families and communities, especially in terms of making decisions. To gather insights, both primary and secondary data are used.

### **Literature review:**

The idea of the Self-Help Groups (SHGs) has received a lot of attention over the years as a best practice to promote micro-finance to the excluded women. These groups which came into India as development measures particularly under ninth five-year plan 1997-2002, seek to increase women's economic self-sufficiency at the micro-level through micro-credit and partnership.

#### **1. Financial Enabling through SHGs**

Research has revealed that through the formation of SHGs women are empowered as they acquire credit without having to offer security so as to participate in income-generating exercises within the households. Pitt and Khandker (1998) persist that MFI improves a woman's bargaining power within a family unit since her contribution to household revenue makes her a decision-maker.

Likewise, Bali Swain and Wallentin (2009) found that participation in SHGs improves women's self-power, financial education, and

resourcefulness or the power to handle resources on their own.

In the Udupi district and other rural areas of Karnataka state, SHGs have also enabled women to develop savings, obtain loans and engage in small-scale ventures. Both economic and social capital are therefore employed, for example, through financial services, to encourage clients' economic self-sufficiency as well as 'coordinated emergence', which is essential for maintaining the empowered state in the longer term.

2. Economic and Non-Economic Empowerment of Women Female liberation is not only an economic process but also affects the overall status, accessibility of space, and authority over key and small decisions. Certain scholars have opined that they are right in some sense as the economic self-balance model of the SHGs as the economic aspect is important while the rest such as social being and capability to engage in community activities are equally crucial.

For example, Goetz & Gupta (1996) point out that credit mobilization is an idle aim if women obtain credit, but have no power over the utilization of the funds acquired. Kabeer (1999) also notes that is a mechanism that leads to change in women's ability to both control material resources and make crucial life choices.

3. Challenges Faced by SHGs Nonetheless, SHGs have their problems that restrict their effectiveness. One of the common problems is the absence of financial literacy and the development of training and capacity-building programs for members to limit the sphere of venture operations. They also experience some cultural and social factors that allow them to perform limited roles in economic activities other than housekeeping. Also, researches made on Udupi and other areas help to know that even though women borrow loans, which

are granted through SHG involvement, they spend the amount mostly on household needs and not for income-generating activities, therefore minor in enhancing the economic importance of their engagement. Lack of support from outside agencies and the Cafeteria approach in governing also influences the sustainability of SHGs.

**4. Role of SHGs for Rural Development and its Policy Implication** The present case study also reveals that SHGs have been promoting women's capabilities and development as well as the development of rural areas. Using the joint saving and practice of lending, SHGs bring changes with the understanding of thrift and discipline that results in the improvement of the social economic life of people in the rural areas. The government of Karnataka has initiated programs like Stree Shakti and Swa shakti that show the ability of SHGs as enablers of economic and social change.

#### **Objectives of the study:**

1. To evaluate the impact of Self-Help Groups (SHGs) in improving the financial position of women
2. To assess the effects of membership to SHG regarding decision-making within households and communities
3. To find out issues of SHG in this Udupi district

#### **Limitations of the Study**

The study is restricted to Udupi district only. The research could also be limited to few SHGs and this will in one way or the other influence the generalization of the findings. It may not be able to account for region differences or even social group differences as to the performance of SHG. It is also an important limitation of the study that because of limitations of time the longitudinal effects of the SHG participation on financial and social empowerment cannot be properly

looked into. While the study focuses on financial empowerment the non-financial aspects of empowerments such as changes in health, education and the political status of women are only given attention in a roundabout way hence a constrained understanding of the 'empowerment' of women financially or otherwise.

#### **Research Methodology**

This research adopted a descriptive research design with its objective to describe the participation and importance of SHGs in women's social and financial transformation. The study collected data from primary and secondary sources. The primary data collection was through structured questionnaire, and telephonic interview. Secondary data was collected through magazines, journals and Internet. The target population encompasses women belonging to SHGs in Udupi district. Total respondents were 130. In the present study, simple random sampling method was used to avoid bias in the selection of the samples. The raw data collected was summarized using basic statistical methods such as percentage for generalization and table for labeling raw data. It was possible to employ pie charts and bar diagrams to improve the understanding of the conclusions made.

#### **Findings of the study:**

##### Section A: Demographic Information

Table No. 1. Age:

Age	No of Respondents	Percentage
0-25	08	6.15
25-34	34	26.15
35-44	66	50.76
45 and above	22	16.94

Among 130 participants, 60% are in the age group of 35-44 years, this indicates that younger women are more active in SHGs,

probably because they are more in a position to need funds.

Table No. 2 Educational Qualification:

Education	No of Respondents	Percentage
Illiterate	12	9.23
Primary education	20	15.38
Secondary education	64	49.23
Graduate/postgraduate	34	26.16

A majority of 49.23% of members hold at least a secondary education, which could lead to improved decision-making in the financial aspects

3. Financial indicator:

Table No. 3 Before you joined the SHG what was your average income per month?

Salary per month	No of respondents	Percentage
Less than ₹5,000	38	29.23
₹5,000-₹10,000	55	42.31
₹10,000-₹15,000	25	19.23
More than ₹15,000	12	9.23

Table No. 4 what is your average monthly income now?

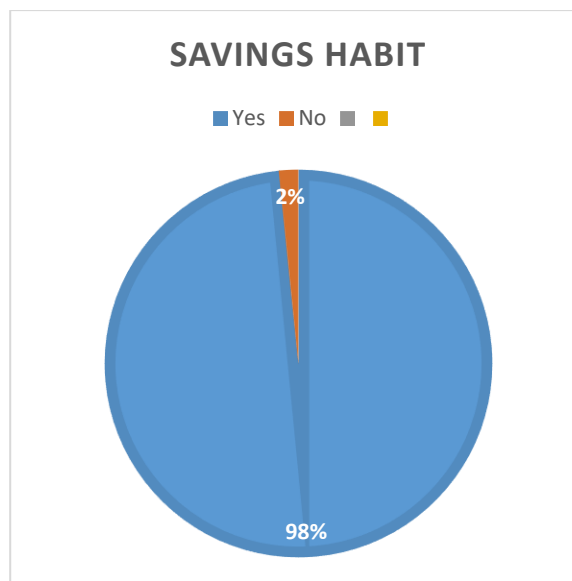
Salary per month	No of Respondents	Percentage
Less than ₹5,000	25	19.23
₹5,000-₹10,000	60	56.15
₹10,000-₹15,000	32	24.62
More than ₹15,000	13	10.00

A comparison made on the pre and post-data evidenced an improved status in terms of the monthly income of the members after joining SHG. The rating of those respondents who earn less than ₹5,000 per month has also reduced, it was 29.23% and reduced to 19.23%. Also, people earning ₹5,000–₹10,000 raised from 42.31% to 56.15%, following those earning ₹10,000–₹15,000 from 19.23% to 24.62%. Also, those earning above ₹15,000 showed a marginal rise; from 9.23% to 10%. Simply, evaluation of impact of SHG

membership in the communication’s triangulation phase revealed that the status of the members financially has improved after joining the SHG.

4. Savings behavior:

Chart No. 1 Savings behavior



This implies that more than 98% of the group members have developed the culture of saving, which may point towards better financial practices, and practices within the SHG possibly influenced them. Such a trend towards savings is going to complement the efforts of the group in bringing disciplined members in the matters touching on finances.

5. Do you get loans through your SHG?

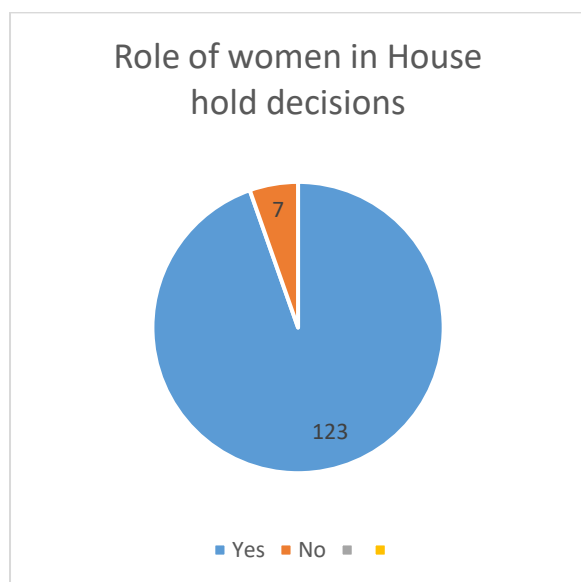
Every respondent 100% of the 130 respondents said that they access loans through their SHG. This shows that the amount available in the SHG is very stable and such universal access to loans may mean that the SHG helps most of its members access loan financing, possibly for personal or business ventures and thus increases the members’ economic stability. The high level of loan access proves the ability of the SHG in financial inclusion and empower the members.

Table No. 5 For what purpose do you mostly utilize the loans gotten from the SHG?

Purpose	Respondents	Percentage
Agriculture	22	16.92
Self-employment	37	28.46
Household expenses	30	23.08
Education	19	14.62
Health care	22	16.92

SHG loans are utilized by its members mainly for business (28.46 percent), household (23.08 percent), agriculture (16.92 percent), health (16.92 percent) and education (14.62 percent). This distribution indicates that SHG funds meet both, the emergency expenditures and the members' capacity-building needs in terms of income sources, family needs, and self-development.

Chart No. 2 Do you have an input in the financial issues within the house hold?



Out of 130 women surveyed, 123 (94.62%) reported having a role in household decision-making related to finances, while 7 (5.38%) felt excluded from this process. This strong representation suggests that women have significant control and influence over financial management, likely influenced by their involvement in Self-Help Groups (SHGs). This active participation in financial decisions reflects a sense of liberation and assertiveness

among women, which are key indicators of their empowerment within the family context.

Table No. 6 How frequently you attend the community activates led by the SHG?

Frequency	No of Respondents	Percentage
Never Rarely (once in a few months)	13	10.00
Occasionally (once a month)	25	19.23
Often (a few times a month)	60	56.15
Very frequently (weekly)	32	24.62

According to the result obtained, the attendance of the SHG members at the community-related meeting looked positive with 80.77% of them attending at least a month. There is always a high turn up of members and what is necessary is to understand why only 10 percent of them rarely participate and feel as though they are not encouraged.

Table No. 7 What are the difficulties you encounter when you are involved in SHG activities?

Difficulties faced	No of Respondents	Percentage
Lack of financial resources	22	16.92
Limited financial literacy	37	28.46
Family restrictions	30	23.08
Lack of confidence	19	14.62
Limited training opportunities	22	16.92

Table No. 8 What do you think about the future sustainability of SHG?

Future Sustainability	No of Respondents	Percentage
Very positive	45	34.62
Positive	76	58.46
Neutral	04	3.07
Negative	03	2.31
Very negative	02	1.54

Overall, 93.08% of the respondents have optimistic or very optimistic attitudes towards the further sustainability of the SHG. Such a positive sentiment will help to mobilize group members and inspire them to dedicate their efforts toward achieving the group's goals in the future. Indeed, the share of negative answers is relatively small, which indicates that the problem of sustainability is not as big as it might be expected, given the SHG operations and development within the community.

### Conclusions:

Finally, the study has pointed out that indeed the SHGs have shown a massive impact in improving the financial situations and empowering the women of the Udupi district. SHGs have empowered women to earn better income which has enhanced their savings and has also equipped them with better access to loans which they use mostly for business and family necessities. This empowers women and also has a social impact since the formation of social mobilization of SHGs breaks the traditional stereotype by enabling women to make most of the household financial decisions. Furthermore, accepting the sustainability of SHG by its members engulfs the optimism and continuity probabilities of development. Even the problems identified including low levels of financial literacy, and dependence on outside assistance, SHGs are a viable tool for empowering women in Udupi and possibly many other rural areas. The research underscores the need to build on SHGs and overcome the existing imperatives to enhance the role of SHGs in improving the economic and social status of women in rural areas.

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