



# The Role of Self-Help Groups and Microfinance in the Empowerment of Women: An Analysis of the Chitradurga District

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## Abstract:

Women who successfully promote their well-being by questioning societal norms and customs engage in a process known as women's empowerment. Participation in Self Help Groups (SHGs) had a major impact on women's empowerment in social and economic domains. The focus of this study is on women's empowerment through self-help organizations in Chitradurga, Karnataka.

The data for the study was gathered from primary and secondary sources. A multistage random sampling procedure was the method employed. An average and percentage analysis was performed to provide a logical interpretation of the data. The reasons for entering the self-help group were ascertained using the Garret ranking method. Factor analysis was used to measure and determine the relationship between the variables that were observed. The results of the study indicated that the SHGs had a greater influence on the social and economic circumstances of the beneficiaries.

**KEYWORDS:** Micro Finance, Garret Ranking Technique, Woman Empowerment, SHG, Chitradurga.

## 1. INTRODUCTION:

Women in our country, as we all know, hold a respectable status in society. But even after 60 years of independence, women in rural and developing regions continue to confront extremely difficult circumstances. Even though women account for about half of all human resources in our economy. However, women experience greater poverty and impoverished status than men due to the multiple cultural and economic constraints imposed upon them. Prioritizing women's empowerment programs is essential to eradicating poverty, advancing economic growth, and enhancing quality of life. Self Help Groups (SHGs) are small credit cooperatives whose members are mostly women from disadvantaged backgrounds.

The group requires all members to contribute on a regular basis in order to establish a shared fund. Members may take out loans from the fund and return them with interest decided by the collective. In SHGs, decisions are made by consensus, and leadership positions are alternated on a regular basis. A few benefits of this kind of credit are that it has non-exploitative interest rates, allows small amounts of credit to be borrowed as needed, and does not require formal security or collateral. Buying items that enable individuals to make money, such as sewing machines for crafts or cows for milk production, is a common usage for these loans. The "Unreached Poor" can now more affordably receive financial services thanks to the SHGs-Bank Linkage Program. This initiative has been successful in empowering rural impoverished women by providing for their financial requirements and enhancing their capacity for group self-help. ac

Because they involve women in savings and credit activities, Self Help Groups have been an essential programming strategy for most women's development programs. This has helped women become more economically independent. Their social attitudes and status within the family and society have shifted as a result.

## 2. LITERATURE REVIEW

**Rekha Goankar (2001)**, research came to the conclusion that the growth of SHGs can greatly help to lower poverty and unemployment in the rural economy, and that SHGs can bring about social transformation in terms of both economic development and social change.

**Malathi Ramanathan (2004)**, Through the article "Women and Empowerment, Shri Mahila Griha Udyog Lijjat Papad," the author has made an effort to examine the development of an organization as a result of a group of women's practical action to obtain additional income. It is about organization-level cooperative empowerment. The article's conclusion states that the group was well known and had a successful strategy for encouraging the economic empowerment of women.

**S. Subramanian (2010)** By doing a SWOT analysis of SHGs, the author of the article "Empowerment of Women through SHGs in Tirunelveli District, Tamil Nadu-A SWOT Analysis" has highlighted SHGs' strengths, weaknesses, opportunities, and threats. To find visible physical facts, field observation techniques

were used. In order to obtain the information in depth, group discussions with women who participated in activities and group activities were held. According to the report, the promotional agencies' efforts to enhance capacity are insufficient to meet the needs of SHG members. They are not proficient in management, technical, and soft skills. According to the paper, organizations that support SHGs, including both government and nongovernmental organizations, can make a significant contribution to their success and long-term viability.

**Lalit Kumar Sharma (2011)** By highlighting the advantages of psychological, social, and economic factors accrued by women participating in SHGs, the article "Self Help Group as an Effective Strategy and Feasible Approach to Empower Women in India" explores the merits of SHGs as a strategy and approach to empower women in India. Empowerment is a process of increasing understanding and capability that results in increased participation, more control and power over decisions, and transformative action. The study comes to the conclusion that women's engagement in SHGs has had a significant impact on impoverished women's life patterns and styles, particularly in rural regions, and has helped to empower them on multiple levels as both individuals and members of their families, communities, and society as a whole.

### 3. OBJECTIVES OF STUDY

- To study the socio-economic profile of SHG women and to analyse the reasons for joining SHG.
- To study the structure conduct and performance of self help groups and to find the impact of SHGs in women.

### 4. HYPOTHESES OF STUDY

Ho: There is no significant difference in mean scores on factors of empowerment after joining the group among respondents.

H1: There is a significant difference in mean scores on factors of empowerment after joining the group among respondents.

### 5. RESEARCH METHODOLOGY

Every research is based on a standardized sequence, which determines the way in which it is conducted & finalized. The research is in the following sequence.

- **Statement of the problem**

Self-help group programs have been demonstrated to enhance the lives of low-income women in economically, socially, and educationally underdeveloped places by enabling them to make more money and feel better about themselves. These programs often take the shape of credit or micro-credit schemes and savings. The exponential growth of self-help groups in the state is evidence of this. This study looks at the

structure, conduct, and efficacy of self-help groups as well as how they affect the women of Chitradurga, Karnataka.

- **Data collection:**

The study uses both primary and secondary sources and is analytical. The use of a field survey technique allowed for the direct collection of information from the women members. The main data for this study was gathered between the 2-March -2024 to 2-June -2023.

Secondary information is gathered for this purpose from a variety of published and unpublished records, books, journals, and material provided by the Chitradurga development authorities' office. For this investigation, a multi-stage random and purposive sampling strategy has been used.

- **Sampling Design**

All five Blocks have been chosen for the study at this level. 16 women's self-help groups (WSHGs) founded in the last year or less have been chosen at random from each Block. Six responders from each group who have been in the group for at least a year and accepted at least one loan have been chosen at random. As a result, 480 respondents were chosen for the study.

- **Data methodology**

To analyse the data in a way that was understandable, average and percentage analysis was done. The Garret ranking method was employed to determine the motivations behind joining the self-help group. To ascertain the link between the observed variables, factor analysis was utilized.

The ranks given by them were quantified using the Garrett Ranking Technique (Garrett, 1969) using the following formula:

$$\text{Percent Position} = \frac{\sum_{j=1}^n [(R_{ij} - 0.5)/N_j]}{n} \times 100 \quad \dots (1)$$

Where,  $R_{ij}$  = Rank given for the  $i$ th items by  $j$ th individual, and

$N_j$  = Number of items ranked by  $j$ th individual.

- **Sampling area**

The current study was carried out in Karnataka's Chitradurga district.

## 6. ANALYSIS OF DATA AND DISCUSSIONS:

The primary objective of the study is to evaluate the impact of microfinance among rural women in three dimensions of empowerment i.e. economic, social. For each aspect of empowerment, a set of variables was selected to assess the level of empowerment among the respondents.

- Socio-Economic Profile of SHG Members

2.3% of the 480 respondents who were selected for the study, according to the poll, are under the age of twenty. The membership is made up of 27.35% people in the 20–30 age range. The age range of 35.3% of the members is between 30 and 40. Twenty-six to fifty-year-olds comprise 26.8% of the membership. Of these, 7.5% are in the 40–50 age range. Just 0.7% of them are older than 60. There are 8.7% of members who are illiterate. 6.5% of the participants have no formal education but are literate or illiterate. Of those polled, 14.3% had finished grades one through five.

Of the population, 19.3% belong to the 5 to 9 class range. Of these, 18.3% have completed an SSC. Of them, 23.3% have completed level plus two schoolings. Eight percent of the respondents are undergraduates. Just 1% of the participants possessed supplementary training, including an ITI or teaching certification. Out of the respondents, 5.3% had never been married. 85.3% of them are married. Widows make up 8.3% of them. The respondents' divorce rate is 1%.

24.3% of the respondents' families make less than Rs. 30,000 a year in total family income. The annual income of the respondent's household is between Rs. 30 and Rs. 50 lakhs (32.7%). Of them, 21.5% earn between Rs. 50 and Rs. 75 thousand annually for their home. The annual income of the respondent's household is 16.5%, or between Rs. 75,000 and Rs. 1 lakh. The primary data source indicates that 5% of the respondent's family's yearly income exceeds Rs. 1 lakh.

- Distribution of Respondents on Basis of Age of Group

Table-1: Distribution of Respondents on Basis of Age Groups

Age of Group	No of Respondents	Percentage
Less than 3 years	120	25
Between 3- 5 years	134	28
More than 5 years	226	47
TOTAL	480	100

Source: Primary data

Above table shows majority of the respondents 47% belonged to the groups which were established five years ago. 28% of respondent's belonged groups with a age of 3-5 years. 25% of the respondents groups were established less than three years ago.

- Distribution of Respondents on Basis of Membership in Group

Table-2: Distribution of Respondents on Basis of Membership in Group

Number of Years in Group	Number of Respondents	Percentage
Below 2 years	58	12.0
Between 2-3 years	151	31.5
Between 3- 5 years	151	31.5
Between 5-7 years	90	18.7
Above 7 years	30	6.3
TOTAL	480	100

Sources: Primary Data.

31.5% of the respondents are members in the group for 2-3 years, and 3-5 years.18.7% of the members are in the group for 5-7 years. 12.0% of the respondents are in the group for less than 2 years .6.3% of the members has stayed in the group for more than 7 years.

- Reasons for Joining Self Help Group

For carrying out this analysis, the members of SHGs were asked to prioritize the specific reasons for joining the groups. To analyze the reasons for joining the group by the member households, all the possible reasons were made known to the members of self-help groups. They were asked to rank the reasons in the order of their importance.

Table-3: Reason for Joining SHGs

Reasons	Rank						Mean Rank
	I	II	III	IV	V	VI	
To Repay Old Debts	101	149	119	26	31	55	2.1504
To Maintain House Expenditures	149	138	35	18	48	93	1.9456
To Promote Savings	110	95	62	24	51	138	2.6952
To Raise Status in the Society	62	45	116	94	96	68	3.8416
To Promote Income Generated Activities	46	40	111	116	104	62	3.4712
To Get Loan	14	13	37	202	150	64	2.7024

Sources: Primary Data.

Table-4: Reason for Joining SHGs

S. No	Reasons	Score		Rank
		Total	Mean	
1	To Repay Old Debts	17506.66	29.20	5
2	To Maintain House Expenditures	15453.33	25.76	6
3	To Promote Savings	22946.66	38.24	4
4	To Raise Status in the Society	34413.33	57.36	1
5	To promote income Generated activities	30706.66	51.20	2
6	To Get Loan	23026.66	38.40	3

Sources: Primary Data.

From the Table 3 and 4, it is clear that to raise status in society is the prime reason for respondents joining the SHG, followed by to promote income generating activities. The next reason was to get loan. The fourth reason was to promote savings and the next reason was to repay old debts. To maintain house expenditure, stood as the last reason for joining the SHG.

- Number of Loans Taken by Respondents through SHG

Table-5: Number of Loans Taken by Respondents through SHG

Number of Loans Taken	Number of Respondents	Percentage
One	38	8.0
Between 2-4	334	69.6
Between 4-6	54	11.2
More than 6	54	11.2
TOTAL	480	100

Sources: Primary Data.

Majority of the respondents 69.6% have taken 2-4 loans. The respondents who have taken loans 4-6 times and more than 6 times are 11.2% respectively. 8% of the respondents have taken only one loan.

- Number of Loans Repaid by Respondents

Table-6: Number of Loans Repaid by Respondents

Number of Loans Repaid	Number of Respondents	Percentage
One	105	21.9
Between 2-4	292	60.8
Between 4-6	40	8.3
More than 6	43	9.0
TOTAL	480	100

Sources: Primary Data.



Table no 6 revealed that the majority 60.8 % of the respondents have repaid loan 2-4 times. 21.9% of the respondents have repaid only one loan. 9% of the respondents have repaid more than 6 loans and 8.3% of the respondents have repaid 4-6 loans.

- Size of Latest Loan Taken

Table-7: Size of Latest Loan Taken

Size of Last Loans Taken	Number of Respondents	Percentage
Less than Rs. 5000	28	5.83
Rs. 5000- 10000	149	31.04
Rs. 10000- 15000	78	16.25
Rs. 15000- 20000	43	8.95
Above Rs. 20000	182	37.93
TOTAL	480	100

Sources: Primary Data

Regarding the latest loan taken by the respondents majority of them 37.93% have taken loan above Rs. 20,000. 31.04% of the respondents have taken loan from Rs. 5000-10000.16.25% of the respondents have taken loan from Rs. 10,000-15,000. 8.95% of the respondents have taken loan from Rs. 15000-20000.Only 5.83% of the members have taken loan below Rs. 5000.

- Empowerment after Joining the Self Help Group

It is difficult to measure empowerment and there is no single method to measure it. It is defined through indicators. Indicators of empowerment should encompass personal, social and economic change. The following few indicators of empowerment were referred to the respondents. To estimate and compare the mean satisfaction scores on the factors among the respondents weighted average analysis is performed using five rating scale and assigning score 1 for strongly disagree; 2 for disagree; 3 for neutral; 4 for agree and 5 for strongly agree and the results are presented in following tables.

Table-8: Empowerment after Joining SHGs

S. No	Indicators of Empowerment	Weighted Average
1	Economic independence	3.072
2	Standard of living has improved	3.026
3	Understand the banking operation and knowledge on credit management	3.434
4	Good public relation and social participation	2.688
5	Self expression-decision making in community, village and house holds	2.618
6	Breaking social, religious and cultural barriers	2.209
7	Leadership qualities	3.164
8	Skill up gradation and better technology	3.082

Sources: Primary Data.

It is seen from the above table that the weighted average scores on empowerment after joining SHG ranges from 2.209 to 3.434. The statement “Breaking social, religious and cultural barriers” has secured least mean score and stood at last and the statement “Understand the banking operation and knowledge on credit management” has secured highest mean score and stood at top.

### Hypothesis

From the mean scores among the respondents null hypothesis and alternative hypothesis is established and the result is shown below:

**Null Hypothesis:** There is no significant difference in the mean scores on factors of empowerment after joining the group among respondents.

**Alternative Hypothesis:** There is a significant difference in the mean scores on factors of empowerment after joining the group among respondents.

Table-9: Anova

SOURCES	DF	SS	MS	F
Between Group	6	775.894	86.210	86.896**
Within Group	3834	3803.244	0.794	

Sources: Primary Data.

\*\* Significant at 1% level

Above table revealed that the F is significant the null hypothesis of no difference in the mean score on empowerment after joining the group among the respondents is hence null hypothesis is rejected and accepted alternative hypothesis that there is significant difference in the mean scores among respondents.

- Rotated Factor Loadings

Factor analysis is a multivariate statistical technique used to condense and simplify the set of large number of variables to smaller number of variables called factors. This technique is helpful to identify the underlying factors that determine the relationship between the observed variables and provides an empirical classification scheme of clustering of statements into groups called factors. Using all the 8 statements on indicators of empowerment namely S1, S2,...S8 factor analysis is performed and the results are presented in the following tables.

Table-10: Rotated Factor Loadings

Indicators of Empowerment	I	II	Communality
Economic Independence-S1	0.586	0.054	0.433
Standard of Living has Improved-S2	0.592	0.229	0.503
Understand the Banking Operation & Knowledge on Credit Management-S3	0.038	0.531	0.354
Good Public Relation & Social Participation-S4	0.505	0.190	0.364
Self Expression-Decision Making in Community, Village and House Holds-S5	0.638	0.168	0.544
Breaking Social, Religious And Cultural Barriers-S6	0.638	-0.067	0.510
Leadership Qualities-S7	0.154	0.644	0.548
Skill Up Gradation and Better Technology-S8	0.125	0.551	0.399
Eig. Val	2.254	1.400	3.654
% of Variance	28.181	17.503	45.684
Cum % of Variance	28.181	45.684	

Sources: Primary Data.

Table 10 gives the rotated factor loadings, communalities, eigen values and the percentage of variance explained by the factors. Out of the 8 indicators, 2 factors have been extracted and these 2 factors put together explain the total variance of these problems to the extent of 45.684 %. In order to reduce the number of factors and enhance the interpretability, the factors are rotated. The rotation increases the quality of interpretation of the factors. There are several methods of the initial factor matrix to attain simple structure of the data.

- Clustering of Indicators of Empowerment into Factors

Table-11: Clustering of Indicators of Empowerment into Factors

Factors	Indicators	Rotated Factor Loadings
I (28.818%)	Economic Independence-S1	0.586
	Standard of Living has Improved-S2	0.592
	Good Public Relation & Social Participation-S4	0.531
	Self Expression-Decision Making In Community, Village and House Holds - S5	0.505
	Breaking Social, Religious And Cultural Barriers-S6	0.638
II (17.503%)	Understand the Banking Operation & Knowledge on Credit Management-S3	0.638
	Leadership Qualities-S7	0.644
	Skill Up Gradation and Better Technology-S8	0.551

Sources: Primary Data.

Four factors were identified as being maximum percentage variance accounted. The 5 indicators S1, S2, S4, S5 and S6 were grouped together as factor I and accounts 28.818 % of the total variance. The 3 statements S3, S7 and S8 constituted the factor II and accounts 17.503 % of the total variance. Thus the factor analysis condensed and simplified 8 statements and grouped into 2 factors explaining 45.684 % of the variability of all the 8 statements.

## FINDINGS

- The two main reasons respondents join SHGs, according to the research, are "To promote income-generating activities" and "To raise status in society".
- Of the experienced responders, the majority (47%) belonged to organizations that had been in existence for five years.
- With 31.5% of the responders, it may be presumed that they had been with the group for three to five years. Similarly, among those who have been in the group for two to three years, 31.5% of respondents said they still are.

- 69.6% of those polled said they had taken out two to four loans. Those who have taken out loans more than six times, or 11.2% of respondents, have done so.
- Sixty-eight percent of those surveyed have paid back loans two or four times. The respondents' timely loan repayment is seen from the comparison of loans taken out and returned.
- Of the participants, the vast majority (37.93%) reported having taken out a loan over Rs. 20,000 recently.
- The results show that there is no discernible difference between the mean scores of respondents on aspects of empowerment before and after joining the group, supporting the establishment of a null hypothesis based on the respondents' mean scores.
- Using factor analysis, the eight statements on empowerment indicators were condensed and made simpler. They were divided into two factors, which together accounted for 45.684% of the variability among the eight claims.

## Conclusion

Women's empowerment is not a one-time thing; rather, it is a continuous process. According to the study, joining a SHG involves more than just getting credit—becoming a member involves an empowerment process that makes the women more self-sufficient in both their social and economic lives. The self-help group's mission is to empower women by teaching them about their fundamental rights and promoting independence, confidence, and self-reliance.

This empowerment, which enables the empowered to take control of their own lives, cannot be altered or bestowed; rather, it must originate from within. India is committed to the emancipation of women. But progress is a challenging and time-consuming process. Karl defines empowerment as a process that leads to greater participation, more authority and control over choices, and transformative action by raising understanding and capacity.

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