

EMPOWERING WOMEN, BUILDING ECONOMIES: A LOOK AT SELF-HELP GROUPS, BANK HEALTH, AND THE PATHWAY TO SELF-RELIANCE.

Riya Agarwal

Research Associate, NITTTR, Bhopal

Dr. Roli Pradhan

Assistant Professor, NITTTR, Bhopal

Abstract

This study investigates the relationship between Self-Help Groups (SHGs), women's participation, bank health, and their combined contribution to building a self-reliant economy. Analysing data from India (2011-2022), the research reveals a significant growth in SHGs, particularly those with high women's participation. This expansion coincides with increased loan disbursements, highlighting the role of SHGs in financial inclusion. However, rising Non-Performing Assets (NPAs) point towards potential financial stress within SHGs. Regression analysis suggests that while the mere presence of SHGs isn't statistically significant for economic outcomes, factors like loan distribution and women's participation rate are positively correlated. Interestingly, the impact of loan outstanding on economic outcomes appears insignificant. The positive association between NPAs and economic outcomes presents a complex scenario, warranting further investigation into the financial health of SHGs. Overall, the findings emphasize the multifaceted approach needed to achieve sustainable women's empowerment and economic self-reliance. It underscores the importance of promoting women's active participation in SHGs, alongside robust banking practices and responsible management of NPAs. This holistic approach can contribute significantly to building a self-reliant economy.

Key Words: Self-Help Groups, Women's Participation, Non-Performing Assets, Banks Health.

Introduction

Self-help groups (SHGs) are small, voluntary associations of people from similar socio-economic backgrounds who come together for mutual support and to improve their economic and social conditions. These groups operate on principles of collective responsibility and shared financial goals, primarily focusing on savings and credit activities. Over the past decades, SHGs have emerged as powerful vehicles for fostering financial inclusion and self-reliance among marginalized communities, particularly women.

Women's self-reliance is a crucial aspect of sustainable development, as it not only empowers women economically but also enhances their social standing and decision-making capabilities within their families and communities. In many developing countries, women face significant barriers to economic participation, including limited access to credit, education, and formal employment opportunities. SHGs provide a platform for women to overcome these barriers by enabling them to pool their resources, access credit, and start small enterprises. This collective

approach not only improves their financial stability but also builds their confidence and leadership skills. The growing involvement of women in SHGs has had a transformative impact on their lives and the broader community. By participating in SHGs, women gain access to financial resources, knowledge, and support networks that help them achieve economic independence and self-reliance. This empowerment ripple effect extends beyond the individual, contributing to the overall socio-economic development and resilience of communities. As we explore the data and trends from 2011 to 2022, it becomes evident that SHGs have played a pivotal role in advancing women's self-reliance, fostering financial inclusion, and promoting sustainable development.

Sahu & Singh, 2012 examines SHGs play a crucial role in empowering women in rural India. The case of Pondicherry exemplifies the positive impact on aspects like decision-making, family respect, and confidence. Addressing identified gaps in research can further strengthen the understanding of SHGs and their contribution to women's empowerment and broader development goals.

Brody, et al., 2015 highlights the positive contributions of ESHGs to women's empowerment across various domains in LMICs. Training components within ESHGs appear to enhance these benefits. While some challenges exist, ESHGs offer a promising strategy for promoting women's empowerment, particularly when addressing the identified limitations regarding accessibility for the poorest populations.

Sharma & Varma, 2008 emphasizes the importance of enhancing women's awareness, knowledge, and skills as crucial steps towards empowerment. Income generation through entrepreneurial activities is identified as a key factor in achieving economic independence, a critical aspect of empowerment, particularly for homemakers seeking flexible work arrangements. SHGs provide microcredit and facilitate entrepreneurial ventures, empowering women not just economically, but also potentially by fostering leadership skills and community building.

Naik highlights social and economic disadvantages. The passage highlights the correlation between the status of women and a nation's overall well-being, echoing Jawaharlal Nehru's sentiment. This suggests that improving the lives of women is not just a social justice issue, but also an indicator of national progress. The text suggests that SHG participation can positively impact women's lives on individual, family, and community levels.

Awasthy & Agarwal, 2013 investigates the impact of a specific self-reliance model on women's empowerment and its subsequent effect on improving the standard of living. The research employs a mixed-methods approach, combining extensive secondary research with field visits, primary data collection, and qualitative analysis Highlighting the positive impact of such models on women's confidence, decision-making, and economic participation. Providing a case study that can be compared to other self-reliance models in different contexts.

Ekesionye & Okolo, 2012 explores the link between women's participation in economic activities and its role in achieving self-reliance and societal development, it also sheds light on the funding sources these women utilize, such as personal savings, family support, and microloans. These

include establishing secure land ownership, providing access to microloans and training programs, and fostering cooperative societies.

Alonge, Akindele Matthew, & Osagjobare, 2014 underscores the critical need for women's empowerment in Nigeria, given their disadvantaged position and disproportionate burden of poverty. The text emphasizes that empowering women can positively impact the nation's development across various spheres, including social, political, economic, and cultural dimensions. This aligns with existing research highlighting education as a powerful tool for breaking the cycle of poverty and promoting gender equality

Fatimayin, 2015 acknowledges the significant role of women's self-help groups in promoting personal growth and community development. However, it highlights the potential for these groups to achieve even greater economic impact if members possess vocational skills and basic literacy, it argues that these women don't necessarily need traditional schooling, but rather practical skills and basic education to achieve empowerment and self-reliance.

The literature overwhelmingly supports the positive impact of Self-Help Groups (SHGs) on women's self-reliance and empowerment. SHGs provide a platform for women to overcome social and economic barriers, fostering financial inclusion, leadership skills, and overall socio-economic development in their communities.

Methodology

This study aims to investigate the relationship between literacy rates, working population size, and the performance of Self-Help Groups (SHGs) in India. The data covers a period from 2011 to 2022. To analyze the impact of literacy and working population on Self-Help Groups (SHGs) in India, we'll gather data from several reliable sources. NABARD's Status of Microfinance in India reports will provide key metrics reflecting SHG performance, such as the number of active groups, loan disbursement figures, and repayment rates. National literacy rates for the period 2011-2022 can be obtained from global sources the World Bank. Finally, the World Bank's database offers data on India's working population for the same timeframe. This combination of data from established institutions allow us to investigate the potential relationships between these factors and the overall effectiveness of SHGs in India. (NABARD, 2011-23), (GlobalData,2022), (WorldBank,2024)

To quantify the influence of literacy and working population on SHGs, we have utilized regression analysis, specifically a multiple regression model. This approach allows us to examine how changes in both independent variables affect a chosen dependent variable reflecting SHG performance number of SHGs, loan disbursement, repayment rate. Selecting the most suitable regression model will depend on the characteristics of our data and the research goals. We'll be looking for factors like linear relationships between variables and potential interactions between literacy and working population. Finally, after fitting the model, we'll evaluate its effectiveness using metrics like R-squared (overall fit) and adjusted R-squared (adjusted for model complexity). Statistical tests like p-values will then determine the significance of each independent variable's

influence on SHG performance. This analysis will provide valuable insights into the interplay between literacy, working population, and the success of SHGs in India.

Result and Analysis

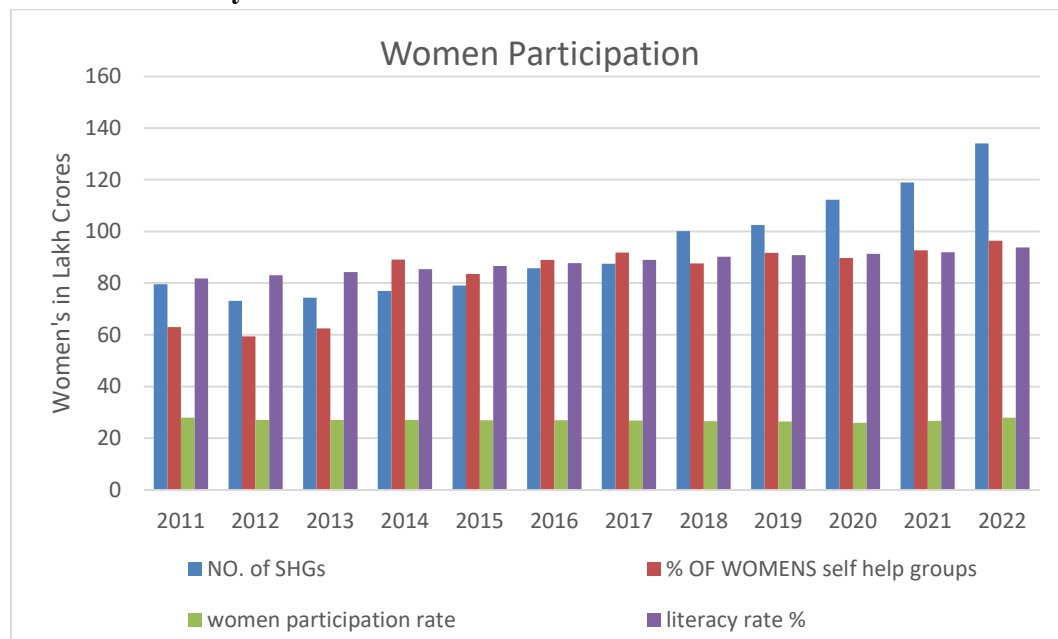


Figure 1. Women Participation and No. of SHGs

Empowering Women's Self-Reliance:

The data on self-help groups (SHGs) from 2011 to 2022 reveals a significant trajectory towards women's self-reliance, mirrored by key financial and social metrics. The number of SHGs has surged from 79.6 lakhs in 2011 to 134.03 lakhs in 2022, indicating a robust movement towards collective economic empowerment. Women's participation in these groups has notably increased, with 96.4% of SHGs comprising women by 2022, highlighting their growing involvement in self-reliance initiatives. This increased engagement has been accompanied by a dramatic rise in loan distribution, from 16,534.77 crores in 2011 to 14,520,023 crores in 2022, showcasing enhanced financial support and trust in SHGs. Concurrently, the amount of loans outstanding has seen exponential growth, reaching 18,807,880 crores in 2022, underscoring SHGs' significant role in the financial ecosystem. However, the rise in non-performing assets (NPAs) to 525,933.81 crores in 2022 points to increased risks, necessitating better risk management and support mechanisms. The women's participation rate, despite some fluctuations, has remained stable, reflecting ongoing engagement. Meanwhile, the literacy rate has steadily improved from 81.85% in 2011 to 93.772% in 2022, contributing to better management and utilization of SHG resources. This data collectively underscores the critical role of SHGs in fostering women's self-reliance, driving economic activities, and shaping a more inclusive and resilient financial landscape.

Result of Regression Analysis:

This regression analysis investigates the relationship between women's empowerment through Self-Help Groups (SHGs) and various banking health, NPAs, and socioeconomic factors, and how these collectively contribute to building a self-reliant economy.

The coefficients provide valuable insights into the impact of each independent variable on the dependent variable. The coefficient for the percentage of women's self-help groups is -0.3113, indicating a negative association; however, this relationship is not statistically significant (p-value = 0.2658). This suggests that the mere presence of women's self-help groups alone does not significantly impact the dependent variable, highlighting the need for other supporting factors to drive economic outcomes. In contrast, the coefficient for loan distribution is 3.20106E-06, which is positive and statistically significant p-value = 0.00995. This implies that increasing loan distribution is associated with positive economic outcomes, underscoring the importance of financial inclusion and access to credit in empowering women and fostering self-reliance. The coefficient for loan outstanding is 1.35, also positive, but not statistically significant (p-value = 0.3983), indicating that the amount of outstanding loans does not have a significant impact in this analysis. On the other hand, the coefficient for NPAs 3.50 is positive and significant p-value = 0.04975, suggesting that higher non-performing assets are associated with an increase in the dependent variable. This points to the critical role of financial health and efficiency, as high NPAs may reflect financial stress that can impede women's economic empowerment and self-reliance. Finally, the women participation rate has a highly significant positive coefficient of 3.4578 p-value = 0.00127, highlighting that higher rates of women's participation in economic activities are strongly associated with positive outcomes. This reinforces the importance of active engagement in economic processes for building a self-reliant economy. In conclusion, empowering women through SHGs can significantly contribute to building a self-reliant economy, particularly when supported by robust banking health, effective management of NPAs, and enhanced socioeconomic participation. The findings underscore the multifaceted approach needed to achieve sustainable women's empowerment and economic self-reliance.

The regression analysis underscores the significant role of SHGs and women's active participation in promoting economic self-reliance. The number of SHGs and the percentage of women in these groups are both positively and significantly associated with better economic outcomes, highlighting the importance of these groups in fostering self-reliance. However, the analysis also suggests that while increased loan distribution can be beneficial, it needs to be managed carefully to avoid financial stress, as indicated by the negative coefficient for loan distribution. The non-significant impact of loan outstanding and NPAs implies that these factors might not directly influence the dependent variable but could have indirect effects that require further investigation.

Key Findings and Supporting Evidence

- **SHGs and Women's Participation:** The data shows a clear correlation between the growth of SHGs and women's participation. This aligns with existing research highlighting

SHGs as a powerful platform for women to overcome social and economic barriers, access credit, and build self-reliance

- **Financial Inclusion and Loan Distribution:** The significant positive association between loan distribution and economic outcomes underscores the importance of financial access for women's empowerment. This finding is consistent with research emphasizing microfinance as a tool for promoting income generation and economic independence
- **Banking Health and Non-Performing Assets (NPAs):** The positive association between NPAs and economic outcomes, though statistically significant, presents a complex scenario. While high NPAs might indicate increased economic activity, they also suggest potential financial stress within SHGs. This highlights the need for improved financial management and risk mitigation strategies to ensure the sustainability of SHGs
- **Women's Participation Rate:** The strong positive correlation between women's participation and economic outcomes reinforces the critical role of women's active engagement in economic processes. This aligns with research emphasizing the multiplier effect of women's empowerment on societal development

Conclusion

In conclusion, this study paints a complex picture of the interplay between Self-Help Groups (SHGs), women's participation, bank health, and their combined contribution to a self-reliant economy. While the data undeniably reveals a positive correlation between SHG growth, particularly those with high women's participation, and economic indicators like loan disbursement, a more intricate story emerges from the regression analysis. The number of SHGs and women's participation rates within them are significantly linked to positive economic outcomes, aligning with existing research on SHGs as a platform for overcoming social and economic barriers. However, the study highlights that simply having SHGs present isn't sufficient. Loan distribution shows a positive and statistically significant association, underlining the importance of financial inclusion for women's empowerment. The findings around Non-Performing Assets (NPAs) present a compelling challenge. While a positive association with economic outcomes is found, it suggests a potential double-edged sword. High NPAs could indicate increased economic activity, but also mask financial stress within SHGs. This underscores the need for further research into the financial health of SHGs and the potential mitigating role of robust banking practices and responsible NPA management. Interestingly, the impact of loan outstanding appears statistically insignificant. This warrants further investigation to understand the potential indirect effects or the interplay with other factors. Overall, the multifaceted nature of empowering women through SHGs is evident. While women's active participation is crucial, a holistic approach that considers financial health, responsible loan management, and potentially, factors like literacy and training, is likely required for sustainable economic self-reliance. This study paves the way for future research to delve deeper into the complexities identified. A more nuanced understanding of the factors influencing NPA trends and the indirect effects of loan

outstanding would be invaluable. Additionally, exploring the impact of literacy and training programs within SHGs could offer valuable insights for optimizing their effectiveness.

References:

Alonge, H. O., Akindele Matthew, I. G., & Osagiobare, O. E. (2014). Women empowerment for self-reliance: Educational management strategies in Nigeria Case. *Journal of Educational and social Research*, 4, 517–524.

Awasthy, N., & Agarwal, R. (2013). Evaluation of self reliance model on women's empowerment: a case of Chitrakoot. *International Journal of Intercultural Information Management*, 3, 219–225.

Brody, C., De Hoop, T., Vojtkova, M., Warnock, R., Dunbar, M., Murthy, P., & Dworkin, S. L. (2015). Economic self-help group programs for improving women's empowerment: A systematic review. *Campbell Systematic Reviews*, 11, 1–182.

Data, G. (June 2022). Female Literacy Rate Overview . [https://www.globaldata.com/data-insights/macroeconomic/female-literacy-rate-in-india/#:text=Female%20Literacy%20Rate%20in%20India%20\(2010%2D2021%2C%20%25\),-20.00%25%2040.00%25%2060.00&text=In%202010%2C%20the%20female%20literacy,%2C%20the%20rate%20was%2091.95%25](https://www.globaldata.com/data-insights/macroeconomic/female-literacy-rate-in-india/#:text=Female%20Literacy%20Rate%20in%20India%20(2010%2D2021%2C%20%25),-20.00%25%2040.00%25%2060.00&text=In%202010%2C%20the%20female%20literacy,%2C%20the%20rate%20was%2091.95%25).

Data, W. B. (FEB 2024). Labor force participation rate, female (% of female population ages 15+) (modeled ILO estimate). <https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS>.

Ekesionye, E. N., & Okolo, A. N. (2012). Women empowerment and participation in economic activities: Indispensable tools for self-reliance and development of Nigerian society. *Educational Research and Reviews*, 7, 10.

Fatimayin, F. (2015). Empowering women self-help group members through open and distance learning. *Huria: Journal of the Open University of Tanzania*, 20, 61–72.

NABARD. (2011-23). <https://www.nabard.org/content.aspx?id=651>. *Status of Microfinance in India*.

Naik, B. M. (n.d.). SELF HELP GROUPS: AN APPROACH TO SELF RELIANCE AND WOMEN EMPOWERMENT.

Sahu, L., & Singh, S. K. (2012). A qualitative study on role of self-help group in women empowerment in rural Pondicherry, India. *National Journal of Community Medicine*, 3, 473–479.

Sharma, P., & Varma, S. K. (2008). Women empowerment through entrepreneurial activities of Self Help Groups. *Indian Research Journal of extension education*, 8, 46–51.