

# An Analysis of district Karnal's Self - Help Groups' & Microfinance Contribution to Women's Empowerment

Jagbir Singh<sup>1\*</sup>, Dr. Deepak<sup>2</sup>

<sup>1</sup> Research Scholar, SunRise University, Alwar (Rajasthan)

<sup>2</sup> Associate Professor ( Dept. of Arts), SunRise University, Alwar (Rajasthan)

**Abstract** - Women's empowerment refers to the process through which women actively promote their own well-being by challenging traditional cultural norms and values. Women's involvement in Self Help Groups (SHGs) significantly boosted their economic and social independence. This research project focuses on the ways in which self-help groups have helped to advance women in Haryana's Karnal district. Both primary and secondary data were gathered to complete the study. The samples were selected at random using many stages. The findings were analysed statistically, using mean and percentage, so conclusions could be drawn. The motivations for participating in the Self-help group were identified using the Garret ranking method. In order to quantify and analyse the interdependencies of the observed variables, factor analysis was conducted. The study found that SHGs have a positive effect on the recipients' economic well-being and social well-being.

**Keywords** - Self Help Groups , Garret ranking method , Women's empowerment , Factor analysis

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## INTRODUCTION

The problem of women workers in unorganised industries in India has worsened with the advent of liberalisation and globalisation in the early 1990s, when many women lost the means to support themselves via the decline in demand for their products and services. While women do contribute significantly to the household and national economies, their efforts are often devalued since they are seen as merely an extension of the domestic sphere. When it comes to empowering the "Unreached Poor" and giving them with access to financial services, Self Help Groups (SHGs) in India have shown to be the most successful technique. The recent surge in the formation of SHGs has evolved into a nationwide campaign to increase women's agency. The rural poor, and especially rural women, need access to microfinance in order to break free from exploitation and build the confidence necessary to become economically self-sufficient. Although they are not a "magic bullet," they have the potential to significantly advance efforts toward gender parity and women's empowerment. These programmes have the potential to set in motion a chain of 'virtuous spirals' of

economic empowerment, and subsequently broader social and political empowerment, by increasing women's access to wage-earning opportunities.

Self-help groups (SHGs) are showing positive outcomes in reducing poverty and empowering its members economically; as a result, they have become the subject of much research.

Given that it is common knowledge that women in our country enjoy equal rights and opportunities, it is safe to say that this statement is accurate. However, the status of women is still quite dire in rural and underdeveloped areas, even after six decades of independence. Even though female workers account for roughly half of the labour force in the United States. Despite this, women continue to face greater poverty and disadvantage than males do due to a variety of societal, cultural, and economic factors. It is imperative that efforts aimed at empowering women be prioritised if we are to end extreme poverty, boost economic growth, and improve people's living conditions. Poor and mostly female

members form Self Help Groups (SHGs), which are similar to tiny credit cooperatives.

All members of the group contribute on a regular basis to a shared pot of money. Borrowing money from the pooled resources is possible, with interest rates agreed upon by all members. Decisions in SHGs are reached by a consensus process, and leadership roles are regularly switched. Small amounts of money can be borrowed when they are needed, interest rates are reasonable, and formal security or collateral is not required. Loans like these are frequently put to use procuring machinery needed to produce a product or service that may be sold for profit, such as sewing machines for the creation of handicrafts or cows for the production of milk. To satisfy the financial needs of the rural poor women and to develop the collective self-help capacities of the poor, the SHGs-Bank Linkage Programme is emerging as a cost-effective mechanism for providing financial services to the "Unreached Poor." Prolific growth of SHGs has evolved into a nationwide women's empowerment movement (Tiyas biswas, 2007).

### Microfinance and Women Empowerment

Millions of people around the world participate in micro-finance programmes, which not only provide women and men with equal access to savings and loans but also bring them together on a regular basis in structured groups. Despite not being a "magic bullet," they have the potential to make a major impact in areas such as pro-poor development, civil society strengthening, and gender equality and women's empowerment.

These programmes have the potential to set in motion a "virtuous spiral" of economic empowerment, enhanced well-being for women and their families, and broader social and political empowerment by bolstering women's access to wage-earning opportunities. As a crucial part of attaining gender equality, microfinance services and groups engaging men also have the capacity to question and dramatically influence men's beliefs and behaviours.

Microfinance initiatives largely target women with the aim of bolstering their independence. Women's empowerment can be pursued for many different reasons. It has been argued that aiding impoverished women should be a top priority because they are among the poorest and most defenceless of the destitute. From a feminist perspective, more people having access to banking services means more people can take control of their financial lives. Microfinance is seen as a powerful weapon in the struggle for

women's equality and autonomy by groups who espouse this view.

To cap it all off, many microfinance organisations favour female members because they see women as more responsible and trustworthy loan applicants.

### REVIEW OF RELATED LITERATURE

**Malhotra (2002)** compiled a list of the most frequently referenced elements of women's empowerment by relying on the frameworks produced by authors in a variety of social scientific disciplines. These theoretical structures, which can overlap, argue that empowering women requires action on many fronts, including the economic, social, cultural, familial/interpersonal, legal, political, and psychological.

Increases in women's income have been shown to improve family finances and, in turn, the lives of children (Mayoux, 1997; Kabeer, 2001; Hulme and Mosley, 1997). From a feminist perspective, more people having access to banking services is an opportunity for greater autonomy. These groups see microfinance as a way to promote women's equality and economic autonomy.

According to **Ranjula Bali Swain's 2007** article, "Can Microfinance Empower Women?," the answer is "maybe." NGOs that aid in financial services and specialised training had a better capacity to affect women's empowerment, according to the study "Self-Help Groups in India," which found that progress had been made and women were beginning to empower themselves.

Microfinance has the potential to have a significant effect on the empowerment of women, as stated by Susy Cheston and Lisa Kuhn in their paper "Empowering Women via Microfinance."

In their article "Does Microfinance Empower Women?," **Ranjula Bali Swaina and Fan Yang Wallentin (September 2009)** ask the question, "Yes." Members of self-help groups (SHGs) in India who take part in a microfinance programme report feeling more confident in their ability to challenge the status quo than those who do not.

In their article "Male and Female Entrepreneurial Characteristics and Behaviours: A Profile of Similarities and Differences," **Harlod, Welsch, Earl, and Young (2009)** compare and contrast the entrepreneurial tendencies of men and women along a number of demographic, psychological, and behavioural dimensions. This study's key findings—

that male and female entrepreneurs are similar in terms of personality traits and that female entrepreneurs do not necessarily see themselves as victims of their environment more so than male entrepreneurs do, among other crucial implications—are as follows.

A SWOT analysis of SHGs was conducted by **S. Subramanian (2010)**, who wrote an essay titled "Empowerment of Women through SHGs in Tirunelveli District, Tamil Nadu-A SWOT Study." This analysis revealed the group's strengths, weaknesses, opportunities, and threats. In order to determine the measurable physical facts, we used field observation techniques. Further, focus groups with active women in groups were held to extract additional information. As the research shows, the promoting agencies' capacity-building efforts fall short of what's required to address the needs of SHG participants. Soft skills, technical competence, and managerial acumen are all areas in which they fall short. The essay argued that promoting agencies, such as government and non-government organisations, can make significant contributions to the long-term viability of SHGs.

In his paper "Self Help Group as an Effective Strategy and Feasible Approach to Empower Women in India," **Lalit Kumar Sharma (2011)** explains how SHGs can help women in a variety of ways, including socially, economically, and psychologically. The term "empowerment" refers to the progression from a lack of knowledge and resources to an increase in agency, decision-making authority, and the ability to effect positive change. Poor women, especially those living in rural areas, have benefited greatly from women's participation in SHGs, according to the study's findings.

## STATEMENT OF PROBLEM

Self-help group programmes, which frequently take the shape of credit or micro credit schemes and savings, have been shown to improve the lives of low-income women in rural, economically and educationally depressed areas, according to a number of studies. The proliferation of support groups for people helping themselves is a clear indicator of this trend across the state. The purpose of this research is to examine the effects of self-help groups on women in the karnal district of Haryana by examining their organisation, functioning, and results.

## OBJECTIVES OF THE STUDY

The major objectives of the study are:

- To study the role of micro finance in women empowerment.
- To study the performance of SHGs in karnal district.
- To analyse the empowerment which women members get in SHGs.
- To offer suggestion for betterment of women's empowerment through microfinance.

## HYPOTHESES OF THE Sstudy

**H<sub>0</sub>:** There is no difference in mean income of respondents before and after joining SHG.

## RESEARCH METHODOLOGY

The study relies on both primary and secondary sources for its information, reflecting its exploratory character. The data was gathered from secondary sources such as newspapers, magazines, books, reports from non-governmental organisations, etc. A field survey was conducted in the area of interest to collect the primary data. (Karnal).

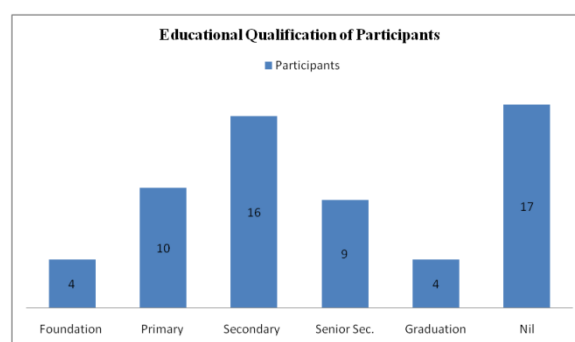
**Sampling Area:** A field survey was used to learn about the experiences of women in the district of Karnal in regards to the advantages and disadvantages of SHGs.

**Sample Size :** For this investigation, we analysed 60 samples from 3 SHGs in the area under review.

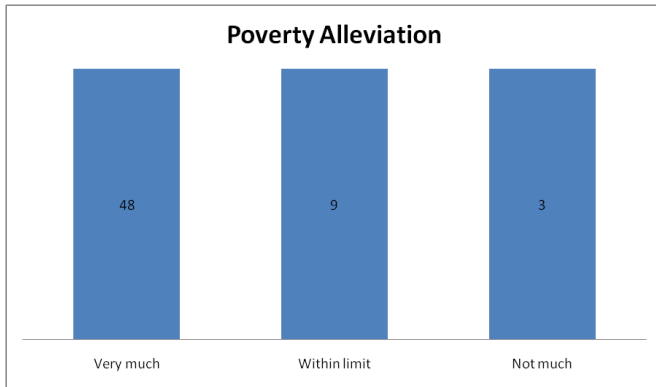
**Procedure for Gathering Information:** The information from the women SHG members was gathered with the help of a structured interview schedule. The plan includes both free-form and confined questions.

**Methods of Statistics:** Various statistical methods, including the simple correlation coefficient, paired t-test, cross tabulation, and percentage analysis, are employed to examine the data.

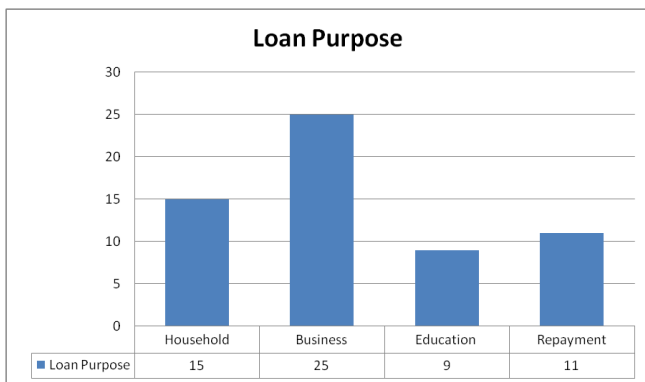
## DATA ANALYSIS AND FINDINGS



Only 26.67% of women have completed secondary school. 28.33% of women cannot read or write at all. Only 6.67% of those who participated in the survey have graduation degrees.



Microfinance, according to 80% of respondents, has helped them escape poverty.



41.67% of the recipients put the money toward growing or starting a business. Interestingly, 18.33% of people who get a loan use it to pay off another debt. Yet 15% of respondents use a loan to pay for their children's schooling, which shows that they are conscious of the importance of a good education.

**Paired t-test**

**Table 1: Paired t-test table Paired Samples Statistics**

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Incom ebefore joining SHG	2.2357E3	60	331.45609	35.58075
	Incom e after joining SHG	2.3450E2	60	331.67890	35.97861

Paired Differences					T	df	Sig. (2tailed)
95% Confidence Interval of the Difference							
	Mean	Std. Deviation	Std. Error Mean	Lower	Upper		
Incom e before joining SHG - Incom e after joining SHG	-6.09100E2	171.09679	25.89854	-663.98672	-564.67540	-25.876	.000

We reject the null hypothesis and draw the conclusion that the median wage for SHG members is higher than that for non-members since the probability value is 0.000 (p<0.01).

Therefore, the respondents' income has increased greatly thanks to microfinance.

T test results make it clear that microfinance is significantly contributing to women's rising incomes.

As a result, the study's results can be summed up as follows:

1. Results show that respondents' literacy levels and their understanding of the importance of investing in children's education both rose after receiving microfinance assistance.
2. Microfinance's positive effects on families' well-being are widely acknowledged, with the vast majority of respondents agreeing that it has contributed to both direct and indirect economic growth.
3. 80% of respondents said that poverty level had decreased by participating in micro finance programme, which results in women becoming economically and socially empowered after receiving micro finance.
4. More than ninety-six percent of respondents indicated they had input into major family choices and were always consulted. Having this kind of financial independence is crucial.
5. After joining a SHG, respondents' financial situations dramatically improve.

**CONCLUSIONS**

Empowering women is not a one-and-done event, but rather an ongoing effort. From what we can tell from this research, women join SHGs not just to gain access to finance, but as part of a broader empowerment process that ultimately benefits their economic and social standing. The mission of the self-help organisation is to help women improve their lives by encouraging them to become more

independent and self-sufficient, as well as fostering a sense of personal pride and pride in their work.

This empowerment cannot be transferred or handed down; rather, it must arise from within the empowered individuals themselves. Women's emancipation is an issue that has significant support in India. Making improvement, however, is a difficult and time-consuming process. According to the results of the aforementioned research, microfinance is having a significant impact on the economic, social, and psychological well-being of women in India. We observed that access to microfinance loans and the effective use of those funds had a significant bearing on women's economic independence. The research results reveal that microfinance has a significant impact on the economic standing, decision-making power, knowledge, and sense of self-worth of women who take part in the self-help group linkage programme in Karnal.

Microfinance has been widely hailed as the holy grail of long-term, global economic prosperity. If you want to consistently get well-liked products into the hands of the world's poor, you'll need to rethink some of your most fundamental beliefs. To compete with the informal sector, microfinance today must be as adaptable and continuous as the informal sector itself.

Despite several limitations, the present study demonstrates that microfinance can assist the poor in improving their standard of living and can play a substantial positive role in advancing women's empowerment, despite the fact that other studies have drawn contradictory conclusions.

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## Corresponding Author

**Jagbir Singh\***

Research Scholar, SunRise University, Alwar (Rajasthan)