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A Study on the Role of Self-Help Groups in Women's Financial Empowerment in Kerala

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Abstract:
Self-Help Groups (SHGs) have become an important vehicle for promoting financial inclusion and strengthening the economic position of women by improving their access to financial services, livelihood opportunities and participation in financial decision-making. In Kerala, the Kudumbashree Mission has played a pivotal role in expanding the reach of SHGs and creating opportunities for women to achieve greater economic self-reliance and social empowerment. Recognising the importance of these initiatives, the present study investigates the contribution of Self-Help Groups to women's financial empowerment and evaluates the influence of SHG participation on savings behaviour, income generation, financial decision-making, financial confidence and overall financial well-being. The study is based on both primary and secondary sources of data. Primary data were collected from 120 women members of Self-Help Groups through a structured interview schedule. The respondents were selected from three districts of Kerala such as Thiruvananthapuram, Ernakulam and Kozhikode, representing the southern, central and northern regions of the state, with 40 participants drawn from each district. Secondary information was obtained from books, scholarly journals, government publications, reports and other relevant documents. The collected data were analysed using descriptive statistics, Cronbach's Alpha, Pearson's Correlation Analysis and Simple Linear Regression Analysis. The findings indicate that active participation in Self-Help Groups significantly contributes to women's financial empowerment by promoting regular saving habits, improving access to credit, creating opportunities for income generation and enhancing their role in household financial decision-making. The study further reveals that SHG participation strengthens women's financial confidence, supports economic independence and contributes positively to their overall financial well-being. It concludes that Self-Help Groups are an effective instrument for advancing women's financial empowerment and promoting financial inclusion in Kerala. The study recommends expanding financial literacy programmes, strengthening entrepreneurship development initiatives and improving access to digital financial services to enhance the long-term economic empowerment of women.

Keywords: Self-Help Groups, Financial Empowerment, Women Empowerment, Financial Inclusion, Kudumbashree

1. Introduction

Women represent a vital component of every society and make substantial contributions to the economic, social and cultural development of a nation. Despite their significant role, many women, especially those living in rural areas, continue to encounter barriers such as limited access to financial resources, inadequate credit facilities and restricted participation in financial decision-making. Financial empowerment is widely recognised as a key factor in enabling women to manage financial resources effectively, make informed economic choices and achieve greater economic independence. Consequently, enhancing women's financial empowerment has become a major priority in national and regional development initiatives.

Among the various approaches adopted to empower women economically, Self-Help Groups (SHGs) have proved to be one of the most effective community-based mechanisms. SHGs are voluntary groups, predominantly consisting of women, who regularly pool their savings and utilise the accumulated funds to meet the financial needs of their members. In addition to providing access to credit, these groups encourage entrepreneurship, promote financial discipline, strengthen mutual support and foster collective action. Participation in SHGs also enhances women's financial awareness, leadership abilities and confidence in managing economic activities.

In Kerala, the Kudumbashree Mission has been instrumental in expanding the SHG movement and has emerged as one of the country's most successful poverty alleviation and women empowerment programmes. Through its extensive network of neighbourhood groups, Kudumbashree has enabled women to develop regular saving habits, access microfinance, undertake income-generating activities and improve their financial literacy. As a result, many women have attained greater economic self-reliance while actively participating in financial decisions within their households and communities.

Women's financial empowerment is a multidimensional concept that extends beyond income generation. It includes the ability to save consistently, access and utilise financial services, manage household finances efficiently, make independent financial decisions and build confidence in handling financial matters. By encouraging regular savings, facilitating access to credit, supporting entrepreneurial ventures and providing skill development opportunities, SHGs contribute significantly to strengthening these dimensions of financial empowerment. Consequently, Self-Help Groups are increasingly recognised as an effective instrument for promoting financial inclusion and improving the socio-economic status of women.

Against this background, the present study investigates the role of Self-Help Groups in promoting women's financial empowerment in Kerala. Specifically, it examines how participation in SHGs influences women's savings behaviour, income generation, financial decision-making, financial confidence and overall financial empowerment. The study also evaluates whether participation in SHGs has a significant positive impact on women's financial empowerment. The findings are expected to contribute to the existing body of knowledge on women-centred financial inclusion and provide practical recommendations for strengthening SHG programmes and enhancing their contribution to sustainable women's economic empowerment.

Objectives of the Study

1. To examine the role of Self-Help Groups (SHGs) in promoting the financial empowerment of women in Kerala.
2. To assess the impact of SHG participation on women's savings behaviour, income generation, financial decision-making, financial confidence and overall financial empowerment in Kerala.

Hypotheses of the Study

(H_0): Self-Help Group (SHG) participation has no significant impact on the financial empowerment of women in Kerala.

(H_1): Self-Help Group (SHG) participation has a significant positive impact on the financial empowerment of women in Kerala.

Statement of the Problem

Women's financial empowerment is increasingly recognised as a fundamental element of inclusive and sustainable economic development. It enables women to gain greater control over financial resources, make independent financial decisions, participate actively in household economic matters and improve their overall standard of living. Although women play a significant role in the social and economic development of society, many continue to encounter obstacles such as inadequate access to financial services, limited savings opportunities, restricted availability of credit, low levels of financial literacy and insufficient avenues for income generation. These constraints are particularly pronounced among women from economically disadvantaged backgrounds, where financial dependence often limits their economic autonomy and decision-making capacity.

In Kerala, Self-Help Groups (SHGs), particularly those operating under the Kudumbashree Mission, have become an important platform for promoting women's financial inclusion and socio-economic advancement. By encouraging regular savings, facilitating access to microfinance, supporting entrepreneurship and improving financial awareness, SHGs have created opportunities for women to strengthen their economic position and participate more actively in household and community financial activities. However, despite the widespread success and expansion of the SHG movement in the state, the extent of financial empowerment achieved by women through SHG participation is not uniform. Differences in savings practices, access to financial resources, income-generating opportunities, financial confidence and involvement in financial decision-making indicate that the benefits of SHG participation may vary among members.

Against this backdrop, it is important to examine the contribution of Self-Help Groups to women's financial empowerment in Kerala. The present study investigates the role of SHGs in promoting women's financial empowerment and evaluates the impact of SHG participation on women's savings behaviour, income generation, financial decision-making, financial confidence and overall financial empowerment. The findings of the study are expected to provide valuable insights for policymakers, financial institutions, development agencies and SHG-promoting organisations in designing more effective strategies to strengthen women's financial inclusion and achieve sustainable economic empowerment.

2. Research Methodology

The present study employed a descriptive research design to investigate the role of Self-Help Groups (SHGs) in promoting the financial empowerment of women in Kerala. Both primary and secondary data were used to achieve the objectives of the study. Primary data were collected from women who were active members of Self-Help Groups through a structured interview schedule. The instrument was designed to measure the level of SHG participation and the major dimensions of women's financial empowerment, namely savings behaviour, income generation, financial decision-making, financial confidence and overall financial well-being. Secondary information was obtained from a wide range of sources, including books, peer-reviewed journals, government publications, reports of the National Bank for Agriculture and Rural Development (NABARD), publications of the Reserve Bank of India (RBI), Kudumbashree Mission reports and other relevant literature.

The empirical investigation covered three districts of Kerala representing the southern, central and northern regions of the state: Thiruvananthapuram, Ernakulam and Kozhikode. A multi-stage sampling technique was adopted for selecting the respondents. Initially, Kerala was classified into three geographical regions. Subsequently, one district was chosen from each region to ensure regional representation. In the final stage, 40 women members of Self-Help Groups were selected from each district using convenience sampling, resulting in a total sample of 120 respondents.

The interview schedule comprised two sections. The first section elicited information on the socio-demographic characteristics of the respondents, while the second section contained statements relating to SHG participation and women's financial empowerment. Responses were measured using a five-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

The collected data were coded, tabulated and analysed using the Statistical Package for the Social Sciences (SPSS). Descriptive statistical techniques such as frequency, percentage, mean and standard deviation were used to summarise the characteristics of the respondents and the study variables. The reliability of the measurement instrument was evaluated using Cronbach's Alpha to ensure internal consistency. Pearson's Correlation Analysis was employed to examine the relationship between SHG participation and women's financial empowerment, while Simple Linear Regression Analysis was used to determine the extent to which SHG participation influences women's financial empowerment and to test the proposed hypothesis. All statistical tests were conducted at a 5 per cent level of significance ($p < 0.05$).

3. Review of Literature

V. K. Sajesh, P. Ramasundaram and Premlata Singh (2011) explored the influence of the Kudumbashree programme on the empowerment of rural women in Kerala. Their findings indicated that participation in Self-Help Groups significantly improved women's economic independence, self-confidence and participation in household as well as community-level decision-making. The study concluded that SHGs serve as an effective mechanism for promoting the socio-economic empowerment of rural women.

Ashutosh Kumar and Jasheena C. J. (2016) investigated the contribution of the Kudumbashree Mission to women's entrepreneurship and empowerment in Kerala. The study revealed that SHG membership encouraged women to engage in entrepreneurial activities, strengthened their financial independence and enhanced their social standing. The authors highlighted that entrepreneurship development through SHGs plays a significant role in achieving sustainable women's empowerment.

Beena George (2013) reviewed earlier studies on microfinance and women's empowerment. The review suggested that microfinance initiatives and Self-Help Groups improve women's access to financial services, encourage regular saving practices and increase their participation in economic activities. It further observed that financial empowerment encompasses not only higher income but also greater self-confidence and enhanced financial decision-making.

Omika Bhalla Saluja, Priyanka Singh and Harit Kumar (2023) carried out a systematic review of research on women's financial inclusion published between 2000 and 2020. Their review identified financial literacy, access to formal financial institutions, digital financial services and participation in community-based organisations such as SHGs as key factors contributing to women's financial empowerment. The study also pointed out that socio-cultural barriers continue to impede women's access to financial inclusion.

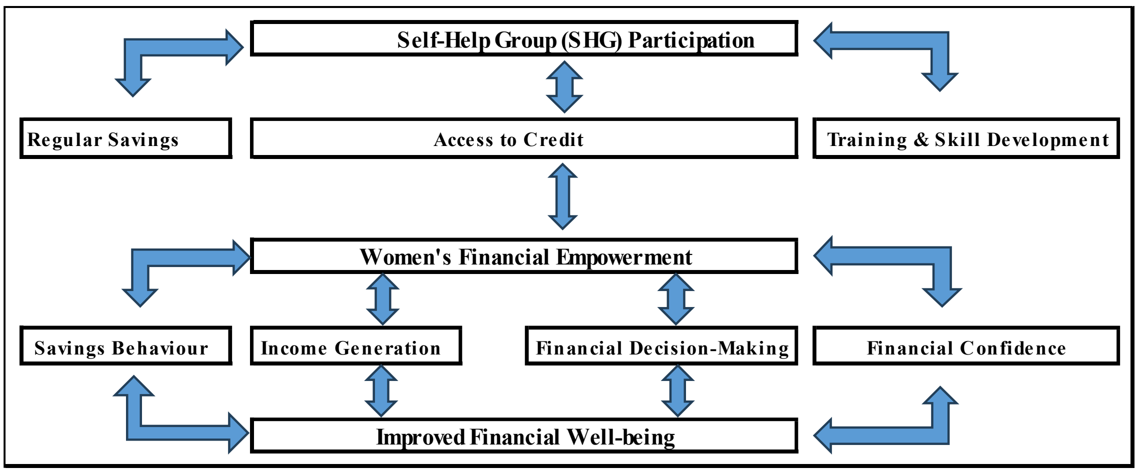
Carinne Brody and colleagues (2015) conducted a systematic review of economic Self-Help Group programmes implemented in low- and middle-income countries. The findings demonstrated that SHGs positively influence women's economic empowerment by improving savings behaviour, facilitating access to credit, strengthening financial decision-making and encouraging participation in income-generating activities. The review concluded that SHGs represent an effective approach for advancing both financial and social empowerment among women.

Rajagopal (2020) examined the social outcomes of Kudumbashree Neighbourhood Groups (NHGs) in Kerala with particular emphasis on women's empowerment. The study found that involvement in SHGs enhanced women's leadership abilities, social recognition, community participation and decision-making capacity. It further reported that

Kudumbashree has significantly strengthened women's confidence and promoted greater economic and social inclusion, making it a successful model for sustainable women's empowerment in the state.

Mahato and Jha (2023) performed a bibliometric analysis and systematic review of studies on women's empowerment through Self-Help Groups. Their findings indicated that SHGs make substantial contributions to women's economic, financial and social empowerment by encouraging savings, expanding financial inclusion, supporting entrepreneurship and improving access to microfinance services. The authors also proposed a comprehensive conceptual framework identifying SHG participation as a major determinant of women's empowerment and recommended further empirical research to deepen understanding in this area.

Conceptual Model of the Study



The conceptual model provides a theoretical basis for understanding how participation in Self-Help Groups (SHGs) influences the financial empowerment of women. It proposes that active involvement in SHGs enhances women's financial capacity by encouraging regular savings, improving access to credit and providing opportunities for training and skill development. These components strengthen women's ability to manage financial resources effectively and support their economic advancement. The model further suggests that increased participation in SHGs positively affects key dimensions of financial empowerment, including savings behaviour, income generation, financial decision-making and financial confidence. Improvements in these areas are expected to enhance women's overall financial well-being by fostering economic independence, financial security and sound financial management practices. The conceptual model serves as the guiding framework for examining the role of Self-Help Groups in promoting women's financial empowerment and evaluating the impact of SHG participation on the various dimensions of financial empowerment, in line with the objectives of the present study.

4. Analysis and Interpretation

Reliability Analysis

The reliability of the questionnaire was assessed using Cronbach's Alpha.

Variable	No. of Items	Cronbach's Alpha
SHG Participation	08	0.876

Women's Financial Empowerment	12	0.912
Overall Scale	20	0.894

Interpretation: The overall Cronbach's Alpha coefficient of 0.894 demonstrates excellent internal consistency among the items included in the measurement scale. This high reliability value indicates that the questionnaire provides consistent and dependable measurements of the study variables. Therefore, the instrument is considered reliable and appropriate for subsequent statistical analyses.

Descriptive Statistics

Variables	Mean	Standard Deviation
SHG Participation	3.81	0.53
Savings Behaviour	3.92	0.61
Income Generation	3.76	0.58
Financial Decision-Making	3.84	0.55
Financial Confidence	3.79	0.57
Overall Financial Empowerment	3.84	0.42

Interpretation: The findings indicate that the respondents exhibited relatively high levels of both Self-Help Group (SHG) participation and financial empowerment. Among the various dimensions of financial empowerment, Savings Behaviour recorded the highest mean score (3.92), suggesting that participation in SHGs has played a significant role in encouraging regular saving practices among women. This finding highlights the effectiveness of SHGs in fostering financial discipline and promoting positive saving habits, thereby contributing to women's overall financial empowerment.

Pearson Correlation Analysis

Variables	r	p-value
SHG Participation and Financial Empowerment	0.864	0.000

Interpretation: The results of Pearson's Correlation Analysis revealed a strong positive relationship between Self-Help Group (SHG) participation and women's financial empowerment ($r = 0.864$). The relationship was found to be statistically significant, as the p-value (0.000) was lower than the prescribed significance level of 0.05. This indicates that higher levels of SHG participation are associated with greater financial empowerment among women. Accordingly, the null hypothesis (H_0) is rejected, while the alternative hypothesis (H_1) is accepted. The findings therefore confirm that SHG participation has a significant positive relationship with women's financial empowerment in Kerala.

Hypothesis Testing

H_0: Self-Help Group (SHG) participation has no significant impact on the financial empowerment of women in Kerala.

H_1: Self-Help Group (SHG) participation has a significant positive impact on the financial empowerment of women in Kerala.

Simple Linear Regression Analysis

Model Summary

R	R^2	Adjusted R^2	Std. Error
0.864	0.747	0.745	0.214

ANOVA

Source	F-value	p-value
Regression Model	348.62	0.000

Coefficients

Variable	Standardized Beta (β)	t-value	p-value
SHG Participation	0.864	18.67	0.000

Interpretation: The findings of the Simple Linear Regression Analysis demonstrate that Self-Help Group (SHG) participation has a significant positive influence on women's financial empowerment ($\beta = 0.864$, $t = 18.67$, $p < 0.001$). The coefficient of determination ($R^2 = 0.747$) indicates that 74.7 per cent of the variation in women's financial empowerment can be explained by SHG participation, highlighting its substantial contribution to improving women's financial outcomes. The overall regression model was found to be statistically significant ($F = 348.62$, $p < 0.001$), confirming the suitability of the model for explaining the relationship between the variables. As the p-value (0.000) is lower than the 5 per cent level of significance (0.05), the null hypothesis (H_0) is rejected and the alternative hypothesis (H_1) is accepted. These findings confirm that participation in Self-Help Groups has a statistically significant and positive impact on the financial empowerment of women in Kerala. The results suggest that increased involvement in SHG activities contributes to strengthening women's financial capabilities, thereby enhancing their overall financial empowerment.

Major Findings

1. The reliability analysis revealed a Cronbach's Alpha coefficient of 0.894, indicating that the questionnaire possessed excellent internal consistency and was suitable for statistical analysis.
2. The respondents demonstrated a relatively high level of participation in Self-Help Group (SHG) activities, with a mean score of 3.81, reflecting their active involvement in group-based financial and developmental initiatives.
3. The overall level of women's financial empowerment was found to be relatively high, as evidenced by a mean score of 3.84, suggesting that SHG participation has contributed positively to their financial well-being.
4. Among the various dimensions of financial empowerment, Savings Behaviour recorded the highest mean score (3.92), indicating that SHGs have been particularly effective in fostering regular saving habits among women.
5. Pearson's Correlation Analysis revealed a strong positive relationship between SHG participation and women's financial empowerment ($r = 0.864$), indicating that greater involvement in SHGs is associated with higher levels of financial empowerment.
6. The results of the Simple Linear Regression Analysis confirmed that SHG participation is a significant predictor of women's financial empowerment ($\beta = 0.864$; $R^2 = 0.747$), demonstrating its substantial influence on the dependent variable.
7. The regression model further showed that 74.7 per cent of the variation in women's financial empowerment was explained by SHG participation, highlighting the important role of Self-Help Groups in improving the financial status of women in Kerala.

Suggestions

1. Self-Help Groups should be supported through regular financial literacy and entrepreneurship development programmes to strengthen women's financial knowledge, business skills and decision-making abilities.
2. Financial institutions and government agencies should enhance the availability of affordable and timely microcredit facilities to enable women to undertake sustainable income-generating and entrepreneurial activities.
3. Comprehensive digital financial literacy programmes should be introduced to improve women's awareness and effective utilisation of digital banking services, mobile payment platforms and other technology-driven financial products.
4. Greater emphasis should be placed on providing marketing assistance, business mentoring and market linkage opportunities to improve the sustainability and competitiveness of SHG-based enterprises.
5. Periodic capacity-building initiatives should be organised to enhance women's financial management, leadership and entrepreneurial competencies, thereby strengthening their long-term financial empowerment.
6. Stronger collaboration among Self-Help Groups, financial institutions, local self-government bodies and the Kudumbashree Mission should be encouraged to expand financial inclusion and improve access to financial services for women.
7. Banks and other financial service providers should design innovative financial products, savings schemes and insurance services that address the specific financial needs and security requirements of SHG members.

5. Conclusion

The findings of the present study demonstrate that Self-Help Groups (SHGs) have emerged as an effective mechanism for promoting the financial empowerment of women in Kerala. Active participation in SHGs has contributed significantly to improving women's savings behaviour, income-generating capacity, financial decision-making and financial confidence, thereby enhancing their overall financial well-being. The results of the regression analysis further establish that SHG participation has a significant positive impact on women's financial empowerment, reaffirming the important role of SHGs in advancing financial inclusion and socio-economic development. The study therefore highlights the need to further strengthen SHG initiatives through enhanced financial literacy programmes, entrepreneurship development, wider access to digital financial services and stronger collaboration among financial institutions, government agencies and the Kudumbashree Mission. Such measures will not only improve the financial capabilities of women but also contribute to achieving inclusive, equitable and sustainable economic development in Kerala.

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