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Financial Inclusion and its Impact on Women's Empowerment in Rural Areas



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ABSTRACT

Financial inclusion is the process to develop women entrepreneurs in rural areas. Self-help group has been working in the right direction by empowering women, and it helps eradicate poverty in rural and urban areas. There is an improvement in the financial sector which transforms into a country's economic growth. The rise of women's financial literacy rate compared to men is also one of the factors for the lift of the economy. Though educated women are found to be aware of financial inclusion, they are the inactivated member in financial matters. Financial literacy is essential to starting a business for women to take their own financial decisions. This study reveals an increase in levels of self-confidence and self-esteem of women entrepreneurs, indicating positive changes in their development.

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1.0 INTRODUCTION

Finance is required to convert ideas to businesses since financing is the backbone of companies (Yallapragada, 2011). Financial inclusion is recommended as a powerful tool to contribute to sustainable development throughout the world. A vital component of global growth is the empowerment of women, a fundamental notion that focuses on modifying physical phenomena in favour of the female gender. Encouraging women's economic, social, spiritual, and political strength is the goal of women's empowerment (Vijayalakshmi, 2014). Providing financial services to women, particularly those living in rural regions, is known as "financial inclusion". Women's empowerment

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in India has taken a giant stride because of self-help groups that provide financial inclusion (Ashalakshmi *et al.*, 2017). By empowering the rural women, the poverty level will be reduced and thus, by financial inclusion in rural areas, the family income and their standard of living will be improved. It can help them own a new business and make them successful entrepreneurs (Bhatia and Singh, 2019). As a result, there will be a rise in the financial, socioeconomic, religious and social strength of women, which will help them be more confident and self-assured and give them more power and resources to make decisions. This will also help the country's economic situation.

1.1 Review of Literature

According to Mohanty and Sahu (2020), self-help groups (SHGs) play a significant role in rural women's empowerment in the Jagannath Prasad Block of Ganjam District in Odisha. The study demonstrates that women's engagement in SHGs substantially influences their economic and social empowerment. The research indicated that microcredit has a considerable impact on alleviating poverty and promoting rural development. Access to formal credit for rural SHGs is a method of raising rural women's incomes, improving their quality of life, and empowering them economically.

A study conducted by Bhatia and Singh (2019) explored the characteristics of women empowerment among urban slum women in the industrial town of Ludhiana, Punjab. Women in slums seem to have significantly benefited from the PMJDY scheme, which positively impacts women's empowerment's social, political, and economic aspects.

Arora *et al.*, (2018) have studied "the empowering women through financial literacy and empowering women in rural areas through and women's literacy compared to urban women. The study reveals that financial literacy will pave the path for women to elevate their confidence and achieve the place they deserve. For an economy to flourish and establish Internationally, women play a vital role".

Priyakumari and Karthik (2017) have focused on the economic empowerment of rural women through SHGs. The study's findings show that the blow of SHGs through microfinance is significant in bringing rural women empowerment through confidence building, courage, and skill development among the financially excluded section of society.

1.2 Objectives

- 1) To identify the relationship between Financial Inclusion through Self-Help Group and Women empowerment in rural areas.
- 2) To know about the current financial literacy rate among women in rural areas.
- 3) To identify the problems faced by women entrepreneurs in the COVID period.
- 4) To know about financial facilities provided to women entrepreneurs in rural areas.

1.3 Limitation of the Study

- First and foremost, due to the limited sample size in this research, the results are erroneous due to a lack of sufficient information.
- This study includes 150 women selected at random. Secondly, due to this limited access, researchers need to redesign or restructure research work differently. At last, time constraints are significantly less to complete the analyse part and less deadline to submit the research paper.

2.0 METHODOLOGY

The research design used for this study is the Descriptive research type as it includes surveys and fact-finding esquires. The nature of data used here is Primary data and Secondary data. Primary data is collected through a Telephone survey and Mail survey with a structured questionnaire form. Secondary data is collected from online websites, journals and books. The Convenient sampling method is used as the sampling technique in this project. The data are collected through the proper Questionnaire survey method. The tools used for the project are the Correlation and Simple percentage method.

3.0 DATA ANALYSIS AND INTERPRETATION

Table 1 – Demographic Profile of Women Entrepreneurs

| Particulars | Factors | Pre-COVID | Post-COVID |
|---|-------------------|-----------|------------|
| Gender | Male | 30.90% | 37.70% |
| | Female | 69.10% | 62.30% |
| Age | Below 20 | 14.00% | 16.00% |
| | 21 – 30 | 51.00% | 50.30% |
| | 31 – 40 | 20.00% | 20.70% |
| | 41 and above | 15.00% | 13.00% |
| Education | Illiterate | 59.00% | 59.00% |
| | Schooling | 12.50% | 17.50% |
| | UG/Diploma | 25.00% | 21.50% |
| | PG | 3.50% | 2.00% |
| Employee | Housewife | 21.30% | 21.30% |
| | Self Employed | 55.60% | 55.60% |
| | Business | 23.10% | 23.10% |
| Income | Up to ₹20,000 | 54.30% | 58.60% |
| | ₹20,001 - ₹40,000 | 25.00% | 23.00% |
| | ₹40,001 - ₹60,000 | 15.60% | 14.20% |
| | ₹60,001 and above | 5.10% | 4.20% |
| Marital Status | Married | 46.00% | 51.40% |
| | Unmarried | 30.00% | 28.40% |
| | Widow | 18.40% | 17.30% |
| | Divorce | 5.60% | 2.90% |
| Freedom to take the decision | Yes | 70.60% | 72.30% |
| | No | 29.40% | 27.70% |
| Opportunities for political participation | Yes | 68.10% | 67.60% |
| | No | 31.9% | 32.4% |
| Awareness of the financial services | SHG | 48.60% | 49.70% |
| | Bank Account | 25.00% | 22.90% |
| | NGO | 12.90% | 14.90% |
| | Insurance | 13.50% | 12.50% |

| | | | |
|-------------------------|-----|--------|--------|
| Are you a member of SHG | Yes | 76.60% | 77.30% |
| | No | 23.40% | 22.70% |

Source: *Primary data*

From Table 1, the researcher learned that there are several factors for analysing the relationship between women empowerment and SHG through financial inclusion. Pre-COVID (69.10%) and post-COVID (62.30%) of females are between the age of 20 to 30 years old pre-COVID (51.00%) and post-COVID (50.30%). Most of the females are educated; nearly 59.00% are illiterate. They are mostly Self-employed in the Female groups, nearly 55.60% (Pre-COVID & Post-COVID). Average income is up to ₹20,000 pre-COVID (54.30%) and post-COVID (58.60%). Most of the respondents are getting married, pre-COVID (46.00%) and post-COVID (51.40%). Women entrepreneur freely take decision pre-COVID (70.60%) & post-COVID (72.30%). Opportunities for political participation are most of the females said pre-COVID (68.10%) and post-COVID (67.60%) are available. Available of financial services (SHG, Bank account, NGO and Insurance) where most are selected, SHG provided the maximum contribution in pre-COVID (48.60%) and post-COVID (49.70%). Most of the females are members of the SHG Pre-COVID (76.60%) and post-COVID (77.30%).

Table 2 – Financial Literacy Rate among Women Empowerment

| Particulars | Highly Agree | Agree | Disagree |
|---|--------------|--------|----------|
| Knowledge about the time value of money | 67.10% | 24.50% | 8.40% |
| Familiarity with the dates of depositing and withdrawing money in the bank account | 68.50% | 23.20% | 8.30% |
| Knowledge about the preparation of various types of budgets | 66.20% | 22.60% | 11.20% |
| Knowledge about various sources for accessing loan credit | 71.10% | 19.70% | 9.20% |
| Knowledge about various sources for investing the surplus funds in investment avenues | 69.20% | 21.80% | 9.00% |

Source: *Primary data*

From Table 2, the researcher learned that knowledge about the time value of money is highly preferred (67.10%). Familiarity with the dates of depositing and withdrawing cash in the bank account is that most of them had chosen highly preferred (68.50%). Knowledge about the preparation of various budgets is a moderate preference (66.20%). Knowledge about multiple sources for accessing credit is mostly a reasonable preference (71.10%). Knowledge about various sources for investing surplus funds in investment avenues is highly preferred (69.20%).

Table 3 – Problems Faced by Women Entrepreneurs in the COVID-19 Period

| Particulars | Highly Agree | Agree | Disagree |
|--|--------------|--------|----------|
| Risks involved while investing in the market | 65.70% | 24.70% | 9.60% |
| Financial assistance (Rent, Salary, Interest paid for the loan, Instalments) | 64.30% | 23.60% | 12.10% |
| Family ties (Balancing work between individual and family members in finance) | 65.10% | 24.30% | 10.60% |
| Leading/Lagging in self-confidence | 66.80% | 23.50% | 9.70% |
| Socio-cultural barriers (Marriage restriction, Limited persons in public meetings, Limited protest for showing our rights) | 63.20% | 28.10% | 8.70% |

Source: *Primary data*

From Table 3, the researcher came to know that women entrepreneurs face problems in the COVID period. Risks involved while investing in the market in that situation are highly preferred (65.70%). Financial assistance (Rent, Salary, Interest paid for loan Instalments) has been chosen at 64.30%. Family ties (Balancing work between individual and family members in finance) are highly preferred (65.10%). Leading/lagging self-confidence are highly desired (66.80%). Most of the socio-cultural barriers (Marriage restriction, Limited persons in public meetings, Limited protest for showing our rights) are selected (63.20%).

Table 4 – Financial Facilities Provided to Women Entrepreneurs in Rural Areas

| Particulars | Highly Preferred | Moderately Preferred | Not Preferred |
|---|------------------|----------------------|---------------|
| Bank opened in a rural area | 66.70% | 20.10% | 13.20% |
| General online banking transactions (Google Pay, Paytm, PhonePe, UPI, NEFT Transfer, IMPS Transfer, Mobile Banking) | 24.35% | 62.55% | 13.10% |
| Credit facility provided after becoming a member of SHGs | 65.60% | 22.30% | 12.10% |
| Funding agencies for Women entrepreneur | 24.00% | 62.50% | 13.50% |

Source: Primary data

From Table 4, the researcher learned about the financial facilities provided to women entrepreneurs in rural areas. Banks opened in rural areas are high preferred (66.70%). General Online banking transactions (Google Pay, Paytm, PhonePe, UPI, NEFT transfer, IMPS transfer, Mobile banking) most of them are chosen as moderately preferred (62.55%). Credit facilities provided after becoming a member of SHGs are highly preferred (65.60%). Funding agencies for women entrepreneurs are selected moderately preferred (62.50%).

Table 5 – Financial Inclusion of SHG and Women Empowerment

| Particulars | Rank1 | Rank2 | Rank3 |
|----------------------------|-------|-------|-------|
| Increase in Income | | | |
| Employment Opportunity | | | |
| Got importance in family | | | |
| Standard of living | | | |
| Cooperative in Social work | | | |

From Table 5, the researcher learned that the financial inclusion of SHG and Women Empowerment considering an Increase in Income and Employment opportunities incurs (Rank 1). Got importance in the family, Standard of living and Co-operative in social process incurs (Rank 2). This analysis states that the financial inclusion of SHG is more helpful for their Women's empowerment.

The relationship between women entrepreneurs and SHG in terms of hypothesis framework is as follows:

- **H₀:** Income and employment opportunities for women entrepreneurs will not positively affect SHGs.
- **H₁:** Income and employment opportunities of women entrepreneurs have a positive effect on SHGs.

Table 6 – Relationship between Women Entrepreneurs and SHG in terms of Increase in Income and Employment Opportunity

| | |
|------------------------|-------|
| Increase in income | 0.976 |
| Employment opportunity | 0.789 |

In this study, correlation is applied to know about the relationship between employment opportunities and the increase in income of Women entrepreneurs with Self-Help Group (SHG), as shown in Table 6. The result of correlation analysis indicates that Women entrepreneur is positively correlated with Self Help Group (SHG) in terms of Employment opportunity and increase in income. According to this correlation result, the alternate hypothesis is accepted (H_1 : Women entrepreneurs' income and employment opportunity of women entrepreneurs have a positive effect on SHGs), and the null hypothesis is rejected (H_0).

4.0 FINDINGS

The research findings also revealed that women's income increased significantly as a result of their participation in SHGs. SHGs and the advantages they provide to their members were well-known among the women in these regions. We may also infer that after joining SHGs, women's employment rates continued to increase. It is widely accepted among SHG members that their economic situation has improved since they joined. Some of the women claimed that they also felt empowered socially in addition to financial empowerment. They have a greater sense of self-esteem and a better understanding of their world.

5.0 SUGGESTIONS

Most self-help group members are illiterate, and thus SHGs have the opportunity to provide a rudimentary education to improve their state's socioeconomic conditions. NGOs and the government should organise self-help groups for rural women to increase their entrepreneurial spirit. Following this study, SHGs must enhance rural women's employment and income rates to achieve their goals. In the future, it will be necessary to broaden the scope of this research to include illiterate women living in metropolitan areas. This research contributes to raising the degree of knowledge among the rural population's working self-groups.

6.0 CONCLUSION

Women's empowerment in rural areas is a vital component of society's development. Women need to be financially literate, but they also need to be financially educated. One of the most critical aspects of financial literacy is that it will help people make better decisions about spending their money. Women's ability to start new businesses and benefit from the expansion of banking services will rise as more institutions work together to promote financial inclusion. Implementing regulations aimed at educating them about banking services would help them become more financially educated, but it will also provide the foundation for future women entrepreneurs.

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