



THE CONTRIBUTION OF SELF-HELP GROUPS (SHGS) TO ADVANCING WOMEN'S EMPOWERMENT THROUGH MICROFINANCE IN RURAL AND URBAN REGIONS OF KANCHEEPURAM DISTRICT, TAMIL NADU

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Abstract: In Kancheepuram District, Tamil Nadu, this study examines the critical role that Self-Help Groups (SHGs) play in promoting women's empowerment through microfinance in both rural and urban regions. Women make up the majority of SHGs, which are grassroots financial intermediaries that provide access to credit, savings, and financial literacy. This study examines the effects of SHG membership on women's socioeconomic circumstances, decision-making skills, and general empowerment. Data were gathered from a sample of 200 women participants from different SHGs in Kancheepuram District using a mixed-methods technique. Structured surveys were used to collect quantitative data, and focus groups and in-depth interviews were used to get qualitative insights. The results show that SHGs play a major role in enhancing women's economic standing by giving them the capital they need to launch and grow small enterprises. SHGs also improve women's self-esteem, ability to make decisions, and involvement in community events. The study highlights the differences in impact between rural and urban settings, noting that while both areas benefit from SHG involvement, the nature and extent of empowerment vary. In rural areas, SHGs primarily address economic and educational barriers, whereas in urban areas, they also tackle issues related to social mobility and entrepreneurship. In conclusion, SHGs serve as effective instruments for women's empowerment, bridging the gap between financial inclusion and social development. The research underscores the need for policy support and capacity-building initiatives to further strengthen the impact of SHGs in both rural and urban contexts of Kancheepuram District.

Index Terms - Self-Help Groups, Women Empowerment, Microfinance, Rural Development, Urban Development, Kancheepuram District Tamil Nadu.

I. INTRODUCTION

An essential component of socioeconomic progress is the empowerment of women. One powerful instrument for empowering women is microfinance, especially through Self-Help Groups (SHGs). In order to better understand how SHGs contribute to women's empowerment in both rural and urban regions, this study focuses on the Kancheepuram district of Tamil Nadu.

1.1 SELF HELP GROUPS IN TAMIL NADU:

The socioeconomic landscape of Tamil Nadu has been significantly influenced by Self Help Groups (SHGs). Key features of SHGs in Tamil Nadu include the following:

Government Support: SHGs have been actively supported by the Tamil Nadu government as a way to empower women and reduce poverty. SHGs throughout the state are being supported and strengthened by a number of government initiatives.

Women's Empowerment: In Tamil Nadu, women from both rural and urban areas make up the majority of SHGs. These organizations give women a place to congregate, combine their resources, and take part in revenue-generating activities, which helps them become financially independent and gain influence over home decisions.

Financial Inclusion: Banks, NGOs, and government organizations frequently provide SHGs with training and financial support. By promoting saving practices and offering loans at affordable interest rates, these organizations help their members gain access to credit, savings, and other financial services.

Livelihood Enhancement: SHGs engage in various income-generating activities such as small-scale agriculture, animal husbandry, handicrafts, and small businesses. These initiatives help in augmenting household incomes and contributing to local economic development.

Skill Development and Training: Many SHGs in Tamil Nadu offer training programs on various skills, including financial literacy, entrepreneurship, health, and sanitation. These initiatives aim to enhance the capacities of members and improve their overall quality of life.

Community Development: SHGs often extend their activities beyond economic pursuits to address social issues. They undertake community development projects related to education, health, sanitation, and environmental conservation.

Government Programs and Initiatives: To carry out various welfare programs and poverty reduction initiatives, SHGs actively cooperate with a number of government programs, such as the Tamil Nadu Corporation for Development of Women (TNCDW), Tamil Nadu Women's Development Project (TNWDP), and Tamil Nadu Empowerment and Poverty Reduction Project (TNEPRP). SHGs in Tamil Nadu have been successful in empowering women, reducing poverty, and fostering community development. They have become an integral part of the state's efforts toward inclusive growth and socio-economic progress, showcasing the strength of collective action and community involvement in uplifting marginalized sections of society.

Table 1.1 Growth of Self-Help Groups in India

Year	No of SHGs In Lakhs	Bank Loan (Rs in Crores)	Refinance (Rs in Crores)
2012-13	1219821	20585	3917
2013-14	1366421	24017	3746
2014-15	1626238	27582	4493
2015-16	1832323	37287	6906
2016-17	1898120	38781	5660
2017-18	2261132	47186	6981
2018-19	2698400	58318	12886
2019-20	3146002	77659	15434
2020-21	2887394	58071	12227
2021-22	3398267	99729	10197

Source: www.rbi.org.in

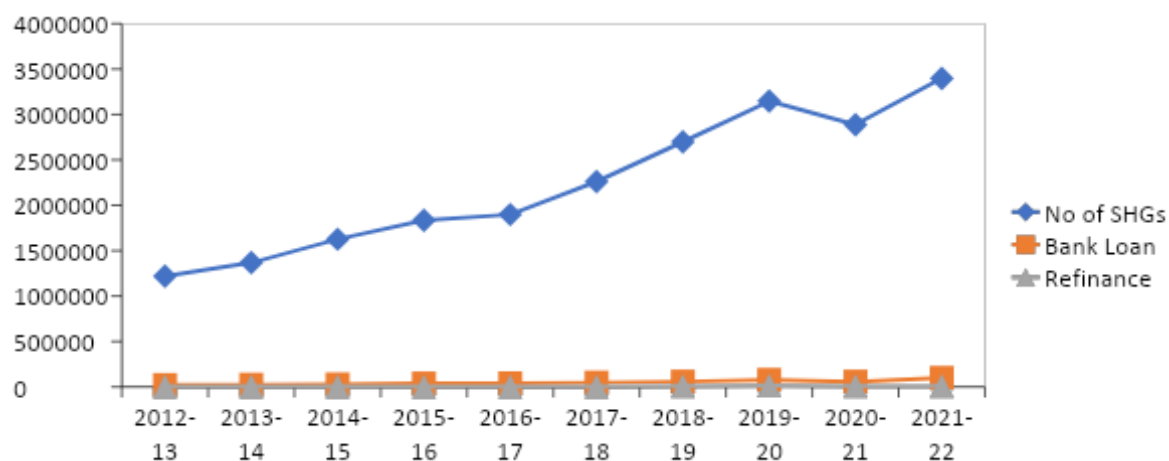


Figure 1.1 Growth of Self Help Groups in India

II. Literature Review

Evangeline & Mathivannan et.al (2017) in their article examined that impact of micro finance on women empowerment through self-help group, the main objective of the study is to identify the role of self help group through micro financing for the development of women. Both primary and secondary data were collected for the study. The samples were collected from Tuticorin district. Among 321 self-help groups 370 sample beneficiaries were selected for the study. Analysis of Variance and Garrett ranking are used for the analysis purpose. According to the researcher, some members may have believed that the training period was insufficient. It is necessary to extend the training session. The training program is not being attended by many individuals in the study area. Therefore, it is important to inform members about the significance and advantages of the training program in order to encourage them to attend. Since the conventional financial institutions have decreased its outreach, the microfinance industry in India has expanded dramatically over the past ten years thanks to the involvement of NGOs, MFIs, and the private sector. Although capacity building is necessary, the microfinance industry, and in particular the SHG bank connection program, seems to have a lot of promise for success. The import restrictions that impede the expansion of the microfinance industry are inadequate in terms of capacity building.

Patel (2017) examined the effects of microfinance on women's empowerment in light of different microfinance models and initiatives implemented by government and non-governmental organizations' programs and schemes. The findings showed that microfinance is crucial in providing impoverished women with financial resources, but it also necessitates long-term investment in capacity building, which will contribute to the development of social capital and future economic prosperity.

Asha Bhatia et.al (2016) in their article observed that a contemporary study of micro finance. The researcher came to the conclusion that microfinance is urgently needed. It is among the most effective means of combating poverty and raising the level of living for millions of Indians. Microfinance can be quite helpful in giving some of the more than 10 million young Indians who enter the workforce each year gainful employment. Rural India's banking practices could be altered by digital financial inclusion and financial literacy initiatives. When all of the factors related to these work together, inclusive growth is achievable. The rural economy has benefited from ambitious initiatives like the Jan Dhan Yojana, but India won't advance until all government, corporate, and bank efforts are focused on development.

Das and Patnaik (2016) observed the status of women on the basis of four types of banks that have contributed maximum for the objective of women empowerment in West Bengal in terms of savings, loan disbursement and loan outstanding. Secondary data gathered from NABARD reports from 2009 to 2014 served as the study's foundation. The findings showed a notable disparity in the means of these four bank types when it came to lending rural loans and microfinance to the less fortunate women in society. Additionally, the survey found that banks were failing to meet all loan requirements, which led to a significant proportion of outstanding loan status even after the loan was disbursed in full.

Datta and Sahu (2016) conducted a joint study to comprehend the role of MFIs and its associated factors towards women empowerment in Paschim Medinipur district of West Bengal. The primary data used in the study came from 220 borrowers and was gathered via in-person observations and structured questionnaires. The study discovered that although MFIs served as a helpful instrument for women's psychological, economic, and social empowerment, the scope of this empowerment was constrained by lack of financial literacy, low educational attainment, the predominance of moneylenders, and the perception of danger associated with MFIs.

Ravikumar (2016) in her article examined that contribution of microfinance in empowering the women entrepreneurs in Gulbarga city concluded in his article women entrepreneurs have been empowered in the different sections of their business operations and social status under the dynamic guidance and support of micro finance institutions and if women entrepreneur is given a proper guidance and training further that will definitely enhance the profitability of the enterprises and the future will be bright and prosperous.

Malakar and Gautam (2016) made an attempt to examine the impact of SHG-bank linkage program in Nalbari district of Assam. For that, a random selection of 100 SHGs in the district that received bank credit was made. The results showed that the self-help bank connection program had improved the ability of SHG members to absorb loans and encouraged saving practices, which in turn had a positive impact on the social and economic advancement of the poor's economically disadvantaged segments.

Goel (2015) examined the impacts of microfinance on income inequality, poverty alleviation and women empowerment in Gujarat. SEWA Bank being the pioneer of financial institution in Gujarat was chosen as the unit of analysis. The study, which focused on four districts in Gujarat—Mehsana, Ahmedabad, Gandhinagar, and Sabarkanth—found that taking out a loan from the microfinance organization SEWA raised the participant's individual and household income while also lowering income disparities. The recipients' level of poverty decreased. Women's economic, sociocultural, and political empowerment resulted from easy access to SEWA finance.

III. Methodology

3.1 Research Methodology:

Research methodology adopts a scientific approach to examine a topic, ensuring the research design is validated. Through this process, the researcher generates reliable and credible findings. This chapter outlines the methods, techniques, and tools utilized in the study, including the research design, research unit, target population, sampling strategy, and data sources employed for data collection.

3.2 Selection of the study area:

Taherdoost (2016) stated that the first step in sampling is defining the target population clearly. Target population refers to the group of individuals or objects the researcher is interested in generalizing the findings. The sampling procedure begins with the selection of the study area and ends with data collection. The main purpose of study is to analyze the role of micro finance in women empowerment towards study of rural and urban areas in Kancheepuram district.

3.3 Sampling Frame:

A sampling frame refers to a comprehensive listing of all population elements from which a sample can be selected. In this study, the stratified random sampling technique was employed, with the sample being chosen through multiple stages. At the initial stage, the researcher selected Kancheepuram district as the sampling frame.

Table 1.2 Stages of Sampling Frame

STAGE I	STAGE II	STAGE III	STAGE IV
31 Districts	Kancheepuram District	Total Number of 460 Taluks in the study area	Selection of 3 taluks in the rural areas and 3 taluks in urban areas

Source: Compiled by the researcher

Table 1.3 Sample taluks considered for the study in Kancheepuram District

S.No	Rural/Urban	Taluk Name	Total Number of Women Population	Proportionate sampling
1	Rural	Alandur	320151	24%
2		Cheyyur	108250	8%
3		Thirukalukundram	131181	10%
4	Urban	Sholinganallur	278175	21%
5		Chengalpattu	284196	23%
6		Tambaram	189635	14%
		Total	13,11,588	100

Source: Compiled data from annual report of Kancheepuram district

Table 1.4 - t test for significant difference between Urban and Rural with respect to Factors of Microfinance of women

Factors of Micro Finance	Place of residence				t value	P value
	Rural		Urban			
	Mean	SD	Mean	SD		
Micro Credit	25.47	2.68	28.29	4.13	8.698	<0.001**
Micro Saving	26.19	4.97	30.24	4.18	9.465	<0.001**
Micro Insurance	25.69	3.08	29.51	3.62	12.199	<0.001**
Skill Development	25.89	3.79	30.12	4.53	10.848	<0.001**
Economic Development	27.92	3.49	30.93	3.46	9.270	<0.001**
Impact of Micro Finance	26.84	3.47	31.30	3.75	13.211	<0.001**

Note : 1. ** denotes significant at 1% level

2. * denotes significant at 5% level

Since P value is less than 0.01, null hypothesis is rejected at 1% level with regard to factors of Micro credit, Micro saving, Micro Insurance, Skill development, Economic development and Impact of Micro Finance. Hence there is significant difference between women residing in Rural and Urban region t factors of factors of Micro credit, Micro saving, Micro Insurance, Skill development, Economic development and Impact of Micro Finance.

Table 1.5 t test for significant difference between Married and Unmarried with respect to Factors of Microfinance of women

Factors of Micro Finance	Marital Status				t value	P value
	Married		Unmarried			
	Mean	SD	Mean	SD		
Micro Credit	26.95	3.79	26.73	3.69	0.574	0.566
Micro Saving	28.53	4.69	27.53	5.62	1.998	0.046*
Micro Insurance	27.88	3.82	26.98	3.91	2.330	0.020*
Skill Development	28.22	4.64	27.52	4.73	1.498	0.135
Economic Development	29.63	3.66	28.97	4.01	1.759	0.079
Impact of Micro Finance	29.21	4.19	28.76	4.36	1.067	0.287

Since P value is less than 0.05, the Null Hypothesis is rejected at 5% level with regard to factors of Micro saving and Micro Insurance. Hence there is significant difference between women residing in Rural and Urban region factors of factors of Micro saving and Micro Insurance.

There is no significance difference between Marital status with regard to Factors of Micro credit, Skill development, Economic development and Impact of Micro finance since P value is greater than 0.05. Hence the null hypothesis is accepted at 5% level with regard to Micro credit, Skill development, Economic development and Impact of Micro finance.

Table 1.6 t test for association between Joint and Nuclear Family and Factors of Microfinance of women

Factors of Micro Finance	Type of Family				T value	P value
	Joint		Nuclear			
	Mean	SD	Mean	SD		
Micro Credit	27.29	3.98	26.69	3.64	1.596	0.111
Micro Saving	29.23	4.39	27.76	5.21	2.935	0.004**
Micro Insurance	27.99	3.94	27.42	3.82	1.476	0.141
Skill Development	28.68	4.48	27.70	4.74	2.083	0.038*
Economic Development	29.85	3.65	29.23	3.83	1.637	0.102
Impact of Micro Finance	29.50	4.03	28.87	4.33	1.475	0.141

As the P-value is less than 0.01, the null hypothesis is rejected at the 1% significance level concerning the factors of microcredit, microsaving, microinsurance, skill development, economic development, and the impact of microfinance. This indicates a significant difference between women residing in rural and urban areas regarding these factors.

With the P-value being less than 0.05, the null hypothesis is rejected at the 5% significance level for the factors of microcredit, microsaving, microinsurance, skill development, economic development, and the impact of microfinance. Therefore, there is a significant difference between women residing in rural and urban areas concerning these factors.

Since the P-value is greater than 0.05, there is no significant difference between the type of family concerning the factors of microsaving and skill development. Therefore, the null hypothesis is accepted at the 5% significance level for these factors.

Table 1.7 Pearson Correlation Coefficient between Factors of Microfinance on Women in Urban areas

Factors of Microfinance	Micro Credit	Micro Saving	Micro Insurance	Skill Development
Micro Credit	1.000	0.699**	0.849**	0.825**
Micro Saving	-	1.000	0.759**	0.846**
Micro Insurance	-	-	1.000	0.900**
Skill Development	-	-	-	1.000

Note: 1. ** Denotes significant at 1% level

Microcredit and microsavings have a 0.699 correlation coefficient, meaning that there is a 48.86 percent positive link between the two that is significant at the 1% level ($0.6992 = 0.4886$). Microcredit and Microinsurance have a correlation coefficient of 0.849, meaning that they have a 72.08 percent positive association that is significant at the 1% level. Microcredit

and skill development have a 0.825 correlation coefficient, meaning that there is a 68.06 percent positive link between the two that is significant at the 1% level.

IV. Results

- [1] Maximum number of women living in Urban areas agree that SHG members are helpful.
- [2] While the majority of women in urban regions believe that their savings have increased since joining SHG, the majority of women in rural areas believe that their savings have not improved. The profits and extra income produced by appropriate microfinance use are the cause of this increase in saving.
- [3] Women in rural areas find microsaving more beneficial than those in metropolitan ones. Additionally, it gives them the confidence to give their family members better nutrition and health care.
- [4] For women living in Urban areas, Micro insurance is more useful compared to women living in Rural areas as risk factor is comparatively high and organization benefiting from risk management is the important factor for women living in Urban and Rural areas.
- [5] Compared to women in rural regions, urban women have developed their skills more thanks to microfinance, which has also made it possible for them to pay off their loans, which is now a significant element for women.
- [6] According to the mean score, the economic status of women in urban regions has improved relative to those in rural areas, and the ability to distinguish between personal and business expenses is a crucial difference between the two groups of women.

V. Conclusion

Self-Help Groups play a vital role in empowering women through microfinance in Kancheepuram district. They enhance economic independence, decision-making power, and social status, contributing to the overall development of women. Targeted interventions are necessary to address unique challenges and maximize the impact of SHGs.

VI. Recommendations

1. **Enhanced Training Programs:** Implement comprehensive training on financial literacy, entrepreneurship, and market access.
2. **Improved Market Access:** Facilitate better market access for SHG products, especially for rural women.
3. **Supportive Policies:** Develop policies to support the sustainability and growth of SHGs, addressing issues like over-indebtedness and competition in urban areas.
4. **Monitoring and Evaluation:** Create strong frameworks for monitoring and evaluation in order to continuously evaluate and enhance the impact of SHGs.

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