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INFLUENCE OF FINANCIAL INCLUSION ON WOMEN EMPOWERMENT: A STUDY WITH REFERENCE TO SELF-HELP GROUPS IN SPS NELLORE DISTRICT, ANDHRA PRADESH

M. Harita¹ and Dr. A. Amruth Prasad Reddy²

¹Research Scholar,
Department of Business Administration,
Yogi Vemana University, Kadapa, Andhra Pradesh, India

²Research Supervisor & Associate Professor,
Department of Business Administration,
Yogi Vemana University, Kadapa, Andhra Pradesh, India

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ABSTRACT

Learning from Bangladesh's experience, India has made significant progress in expanding the reach of microfinance institutions to support the economic development of disadvantaged women. To provide women with financial independence, self-respect, and respect for their role in society, the government has attempted to distribute the money through a variety of methods, including self-help groups and bank loans. Reserve Bank of India and NABARD has also implemented various financial management policies to ignore and neglect section of women by considering the importance of financial inclusion in the country's economy. A review of literature is a critical, in-depth evaluation and integrating the earlier research studies and it is an important step in understanding the research. In this regard, various secondary sources are reviewed such as theses, books, research articles, and abstracts, etc. The main objective of the study is to analyze the influence of financial inclusion on women's empowerment. The sampling frame is the rural and urban areas in Nellore district which is comprised of 5 revenue divisions and 47 mandals. The calculated sample size is 384. Hence this study has rounded off the sample size to a higher number considering 400 as the sample size of the study. Quota sampling has been adopted to collect the necessary data. Both primary and secondary data have been collected for the present study. The study has designed a structured questionnaire for collecting the perspectives and opinions of women that will be subjected to statistical analysis. The collected data was tested through quantitative metrics to give a scientific touch to the data like the Simple Percentage method, Factor Analysis, Weighted Mean, Cronbach's Alpha, Correlation, Regression, ANOVA, and t-test. The correlation coefficient values between financial inclusion and Economic Empowerment, Social Empowerment and Political Empowerment are +0.120, +0.118 and +0.192. It

shows a significant positive relationship between financial inclusion with Economic Empowerment, Social Empowerment and Political Empowerment. Hence, the alternative hypothesis is accepted.

KEYWORDS: Financial inclusion, social empowerment, political empowerment, economic empowerment.

1. INTRODUCTION

Bangladesh has long been a leader in South Asia in terms of microfinance and its share of total loans. Grameen Bank in Bangladesh is a well-known organization that helps poor women and supports small businesses by providing micro loans. As of the end of 2011, the company had assisted more than 8 million borrowers, 96% of whom were women. In India, women constitute approximately 48.53% of the total population (as per 2011 census) and most of them are deprived of opportunities and rights due to economic dependency. Learning from Bangladesh's experience, India has made significant progress in expanding the reach of microfinance institutions to support the economic development of disadvantaged women. To provide women with financial independence, self-respect, and respect for their role in society, the government has attempted to distribute the money through a variety of methods, including self-help groups and bank loans. Reserve Bank of India and NABARD has also implemented various financial management policies to ignore and neglect section of women by considering the importance of financial inclusion in the country's economy. It is therefore important to understand the root causes of women's exclusion from finance. It is also important to have a clear understanding of financial inclusion and incentives.

2. REVIEW OF LITERATURE:

A review of the literature is the basis for research. A review of literature is a critical, in-depth evaluation and integrating the earlier research studies and it is an important step in understanding the research. In this regard, various secondary sources are reviewed such as theses, books, research articles, and abstracts, etc. only a few of the studies on financial inclusion are presented in the following lines:

Amar Prem Shukla, Dr. Shantanu Srivastava, (2023), studied determinants that will help India move towards financial inclusion i.e. Collaboration of Fitch Companies with Banks, Financial and Digital Literacy, Increased Utilization of FI Infrastructure, and Training Programs for Startups.

Amit Pandey, (2023), studied that India requires national policies and strategies on financial literacy. In the majority of developing nations, the central bank has led such initiatives. This study recommends the establishment of a robust ecosystem and policies centered on domestic economics, financial literacy, and financial inclusion.

Neha Kousar (2023), the study demonstrated that SHGs offer financing and assist rural women in achieving financial stability and social empowerment. Women who participated in SHGs were more independent, stable, and knowledgeable. Women's empowerment, then, largely results from women learning to take command of their own lives rather than allowing males to do so. It instills independence and self-assurance in women. SHGs contribute to enhancing the quality of women's lives, particularly in rural regions, by enabling them to become financially secure, active members of their communities, and equal participants in decision-making.

Sumita Guha (2022), studied that Financial Inclusion creates an opportunity for the poor and disadvantaged to secure better lives. There is a plethora of schemes for financial inclusion in India, out of which PMMY and PMJDY are focused and a detailed analysis has been done in this study.

Thakkar Sunitaben Laxmandas (2020), aims to study the financial inclusion of rural women in the post-reform period in India with special reference to Banaskantha district, the researcher has found that the rural women of Banaskantha district are not financially included. As Banaskantha district is considered one of the backward districts, the financial inclusion of rural women is far away. Therefore, there is a strong need to spread awareness about female education, financial literacy, and financial services.

Senyo, P. et.al, (2020) examined the effectiveness and progress of the use of Fintech financial services. The research uses a combination of authentication, technology and trust theory to understand user behavior. A survey of 294 participants showed that performance and job expectations were associated with intention to use Action Money services. In addition, the study found that design factors, price value, hedonic motivation, social impact and perceived risk do not have any effect on the purpose of using mobile services.

Johnson, S. et.al (2016) believe that the aim of the policy, which has received international praise in recent years, is financial inclusion. The focus of this review is to move from 'best practice' donor policy development to 'good enough' process design, trying to understand the following practices and finding a place to use the law in collaboration with the government. This study may lead to business and government policies creating greater financial outcomes.

Allen, F. et al., (2016) believe that the application of financial inclusion by entering the account can bring many benefits to people, but there is little research on its impact on access. Therefore, this study investigates country and individual characteristics that support financial inclusion and policies that support successful financial inclusion. Findings show that greater financial inclusion is associated with

lower costs, greater proximity, stronger policies and a more inclusive political environment. It has also been concluded that effective policies that will encourage financial inclusion vary according to individual characteristics.

Blanco, A. (2013) also investigated the appropriate application of credit scoring models in the microfinance industry. The research focuses on the use of non-parametric statistical methods. Therefore, many nonparametric credit scoring models based on the multilayer perceptron method (MLP) have been developed and their performances have been compared with traditional linear discriminant analysis (LDA), quadratic discriminant analysis (QDA), and logistic regression (LR). are compared through the model benchmarking process. This study evaluated a sample of 5,500 borrowers from Peruvian financial institutions and found that the neural network model outperformed three other classical methods in terms of space based on receiver operating characteristic curve (AUC) and error rates.

From the above review of literature, it can be observed that various studies have been carried out by academicians, researchers, organizations, and others both in abroad and India on Financial Inclusion, SHGs and Women empowerment. The majority of the research studies reviewed above revolves around financial inclusion regulations, policies for growth in financial inclusion, Self-help groups, women empowerment, and microfinance. Further, many nations published quality research in the areas of financial inclusion including Bangladesh, the United States of America, European Nations, China and Australia are the active countries than India in publishing literature on financial inclusion. In the Indian context, these studies are either macro covering the entire country, or micro confined to a few areas of Financial Inclusion and Women Empowerment. Studies covering all dimensions of Financial Inclusion and Women Empowerment at a national level are very few and far between as compared to studies at the international level. It is also understood that studies so far have covered Financial Inclusion and Women Empowerment lacking focus on specificity.

3. OBJECTIVE OF THE STUDY:

The main objective of the study is to analyze the influence of financial inclusion on women's empowerment.

4. HYPOTHESES:

To fulfill the research objective of the present study, the following **alternative hypotheses** are framed and tested by suitable statistical tools.

H₁: Financial Inclusion has a significant influence on economic, social and political women empowerment.

H_{1a}: Outreach has a significant influence on economic, social and political women empowerment.

H_{1b}: Penetration has a significant influence on economic, social and political women empowerment.

H_{1c}: Availability has a significant influence on economic, social and political women empowerment.

H_{1d}: Accessibility has a significant influence on economic, social and political women empowerment.

H_{1e}: Technology has a significant influence on economic, social and political women empowerment.

H_{1f}: Financial literacy has a significant influence on economic, social and political women empowerment.

H_{1g}: Perceived benefits have a significant influence on economic, social and political women empowerment.

H_{1h}: Trust has a significant influence on economic, social and political women empowerment.

H_{1i}: Income adequacy has a significant influence on economic, social and political women empowerment.

5. PILOT STUDY:

A pilot study is a small-scale market research project to test its effectiveness before investing more time and money into a large-scale project. For the research also the researcher had conducted the pilot study to check the reliability and validity of the instrument. The researcher collected the data from 50 respondents from the Nellore and Gudur areas.

6. RELIABILITY TEST:

- The study finds that financial inclusion has 5 items with Cronbach's alpha of 0.738, It can be interpreted that there is high reliability in the items.
- Outreach, Penetration, Availability, Accessibility, Technology, Financial Literacy, Perceived Benefits, Trust and Income Adequacy has four to five items demonstrated moderate to high reliability with Cronbach's alpha of .615, .668, .621, .761, .625, .846, .636, .742 and .778.

7. VALIDITY TEST:

- To validate the scale the study employed confirmatory factor analysis on the constructs of financial inclusion. The factor analysis has categorized the questionnaire into ten components and grouped the questions as per the constructs.

- The factor analysis has confirmed that the questions designed for measuring the financial inclusion determinants are valid.
- After rearranging the components factor analysis has categorized exactly to the study design of ten components such as Financial Inclusion, Outreach, Availability, Accessibility, Technology, Financial Literacy, Income Adequacy, Perceived Benefits and Usage, Trust, and penetration.

8. RESEARCH METHODOLOGY:

A research methodology is a way to systematically solve the research problems and it helps to study how research is done systematically. It helps to search for facts. Research design is the overall plan of the study. This study has actualized a qualitative plan of study to reach and access women among Self Help Group members. The research design is descriptive. It is a collective layout for the data collection, measurement, and analysis of data.

9. SAMPLING DESIGN:

A sample design is a framework of the sample selection and it is a mathematical indication of the sample. The rural and urban areas in the Nellore district of Andhra Pradesh have been chosen as a sampling unit to carry out the study. The sampling frame is the rural and urban areas in Nellore district which is comprised of 5 revenue divisions and 47 mandals.

10. SIZE OF THE SAMPLE:

Sample size calculation is a very important part of the research. Adequate sampling techniques and sample size reduce method biases. The total population size of SHG members is 1,63,704 (Source: 2011 census). Population Proportion of 50%, margin error of 5%, and 95% confidence level.

Bill Godden's formula was used in the present study to determine the sample size. The calculated sample size is 384. Hence this study has rounded off the sample size to a higher number considering 400 as the sample size of the study. Since the study has to cover the vast geographical area of SPSR Nellore District and a finite population without a population frame, Quota Sampling is followed to distribute the sample size according to revenue divisions and mandals list of SPSR Nellore District. There are five revenue divisions and 47 mandals, hence the total sample size is divided according to the number of mandals.

11. SAMPLING TECHNIQUE:

Quota sampling has been adopted to collect the necessary data. Quota sampling is defined as a [non-probability sampling](#) method in which researchers create a [convenience sample](#) involving individuals

that represent a population

12. SOURCES OF DATA:

Both primary and secondary data have been collected for the present study.

13. RESEARCH INSTRUMENT:

The study has designed a structured questionnaire for collecting the perspectives and opinions of women that will be subjected to statistical analysis. The structured questionnaire is self-administered by the researcher, as many of the rural and urban women may not be fluent in English.

14. TOOLS OF ANALYSIS:

The data collected and compiled from different sources were classified, tabulated, analyzed, and interpreted the data. The collected data was tested through quantitative metrics to give a scientific touch to the data like the Simple Percentage method, Factor Analysis, Weighted Mean, Cronbach's Alpha, Correlation, Regression, ANOVA, and t-test.

15. SCOPE & LIMITATIONS OF THE STUDY:

The scope of the study is confined to the objectives of the study. The study has limitations with the sample since the women who are members of self-help groups meet infrequently to access them conveniently; hence the study can access the available women to attain the predetermined sample size. The women in rural and urban areas are not well versed with English reading and interpreting skills, hence the study has to follow the schedule method to administer the questionnaire. It is based on a single district and covers members of a particular organization (Self Help Groups). Because this is a self-funded study, resource restrictions like money and time were tremendous burdens. Repeated travels to the hamlet and slums were required to in still trust in the members.

16. FINDINGS:

- ❖ 43.2% of the SHGs are in the age group of 41-50 years followed by 24% of them in the age group of 31-40 years.
- ❖ 90.2% of the SHG members have an average income of 0-3 lacs per annum followed by 9.8% of them in the 4-7 lakhs. Further, no SHG members have belonging average income of above 8 lakhs.
- ❖ 54.5% of women have an association with SHGs from 8-10 years followed by 31.5% of them from 0-3 years.

- ❖ 40% of the women are availing of microfinance from 8-10 years followed by 33% of them from 0-3years.
- ❖ 58% of the women members of SHGs have the education qualification of others followed by 22% of them are graduates.
- ❖ 79% of the SHG members are unemployed and followed by 18% of women members of SHGs belong to part-time.
- ❖ 81.2% of the SHG members belong to the 3-5 members family group followed by 18.8% of them belonging to the 0-2 members' family group.
- ❖ 100% of the SHG members have maintained savings accounts.
- ❖ 65.5% of the SHG members reside in the urban areas and 34.5% of the SHG members reside in the rural areas.
- ❖ The correlation coefficient values between financial inclusion and Economic Empowerment, Social Empowerment and Political Empowerment are +0.120, +0.118 and +0.192. It shows a significant positive relationship between financial inclusion with Economic Empowerment, Social Empowerment and Political Empowerment. Hence, the alternative hypothesis is accepted.
- ❖ The correlation coefficient values between Outreach and Economic Empowerment, Social Empowerment and Political Empowerment are +0.281, +0.320 and +0.258. It shows a significant positive relationship between Outreach with Economic Empowerment, Social Empowerment and Political Empowerment. Hence, the alternative hypothesis is accepted.
- ❖ The correlation coefficient values between Penetration and Economic Empowerment, Social Empowerment and Political Empowerment are +0.257, +0.169 and +0.061. It shows a significant positive relationship between Penetration with Economic Empowerment, Social Empowerment and Political Empowerment. Hence, the alternative hypothesis is accepted.
- ❖ The correlation coefficient values between Availability and Economic Empowerment, Social Empowerment and Political Empowerment are +0.218, +0.221 and +0.139. It shows a significant positive relationship between Availability with Economic Empowerment, Social Empowerment and Political Empowerment. Hence, the alternative hypothesis is accepted.
- ❖ The correlation coefficient values between Accessibility and Economic Empowerment, Social Empowerment and Political Empowerment are +0.079, +0.068 and -0.11. It shows a significant positive relationship between Accessibility with Economic Empowerment, Social Empowerment and insignificant relationship with Political Empowerment. Hence, the alternative hypothesis is rejected.
- ❖ The correlation coefficient values between Technology and Economic Empowerment, Social Empowerment and Political Empowerment are +0.070, +0.093 and +0.065. It shows a significant

positive relationship between Technology with Economic Empowerment, Social Empowerment and Political Empowerment. Hence, the alternative hypothesis is accepted.

- ❖ The correlation coefficient values between financial literacy and Economic Empowerment, Social Empowerment and Political Empowerment are +0.034, +0.220 and -0.49. It shows a significant positive relationship between financial literacy with Economic Empowerment, Social Empowerment and insignificant relationship with Political Empowerment. Hence, the alternative hypothesis is rejected.
- ❖ The correlation coefficient values between Perceived Benefits and Economic Empowerment, Social Empowerment and Political Empowerment are +0.307, +0.294 and +0.253. It shows a significant positive relationship between Perceived Benefits with Economic Empowerment, Social Empowerment and Political Empowerment. Hence, the alternative hypothesis is accepted.
- ❖ The correlation coefficient values between Trust and Economic Empowerment, Social Empowerment and Political Empowerment are +0.200, +0.127 and +0.041. It shows a significant positive relationship between Trust with Economic Empowerment, Social Empowerment and Political Empowerment. Hence the alternative hypothesis is accepted.
- ❖ The correlation coefficient values between Income Adequacy and Economic Empowerment, Social Empowerment and Political Empowerment are +0.339, +0.347 and +0.260. It shows a significant positive relationship between Income Adequacy with Economic Empowerment, Social Empowerment and Political Empowerment. Hence, the alternative hypothesis is accepted.

17. CONCLUSION:

The regression analysis concludes that Outreach, Penetration, Availability, Accessibility, Technology and Financial Literacy are the significant dimensions for successful implementation of financial inclusion in an economy of marginalized women in rural and urban areas. Further, the study concluded that the women are empowered socially, politically and economically with correct usage of financial services.

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