

---

## **A Case Study on Women Empowerment and Financial Literacy through SHGs**

**Dr. Pradipta Banerjee<sup>1</sup>,**

Assistant Professor, Department of Commerce  
Sidho-Kanho-Birsha University, Purulia, West Bengal-723104

**Kalachand Sain<sup>2</sup>**

Assistant Professor (Part-time)  
Balagarh B.K. Mahavidyalaya  
Jirat, Hooghly, West Bengal-712501

### **Abstract**

Gender equality in terms of economic and financial opportunities is becoming increasingly relevant at both national and international level. The need to address the financial literacy of women and girls as a way to improve their financial empowerment, opportunities, and well-being has been acknowledged by several international bodies. Hence the financial literacy is vital part to include them in a present economic growth through empowerment and avoids them from financial malpractices. The purpose of this study is to know the level of financial literacy among women entrepreneur through self-help groups in Kalna block II. For the purpose of the study primary data is collected through interview and questioner and Secondary data has been collected from various websites, journals and research papers etc. The findings of the study shows that SHGs have positive contribution towards women empowerment as well as improvement of financial literacy of the women in Kalna block II, WB.

**Keywords:** Financial Literacy, Women empowerment, financial inclusion, Self-help groups.

**Paper type:** Research Paper.

## **INTRODUCTION**

Financial literacy is the possession of knowledge and understanding of financial matters. In broad sense, (PACEL-USA 2008) it refers to the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial wellbeing. And financial education is the process by which people improve their understanding of financial products, services and concepts, so that they are empowered to make informed choices, avoid pitfall, know where to go for help and take other actions to improve their present and long term financial wellbeing.

Financial literacy has become an important issue of discussion in the recent year due to the raising awareness among masses. It is one of the important challenges faced by all countries globally because it is one of the parts of sustainable development. Financial literacy is helpful for the people of all ages; transition of economy from general literacy to financial literacy is really crucial for old and young, men and women, household and working. Continuously changing in financial market and with the increase in individual responsibility informed financial decision making is becoming necessity for economic empowerment of women. Having financial knowledge is the key element for making sound financial decisions. Financial literacy helps to grow and manage finances in a proper way. The importance of financial literacy can never be neglected as it not only contributes in the wellbeing of people but also assist them to become economically empowered.

Financial literacy and positive financial attitude are equally important for both men and women. Women as being the major part of economy need to be financially empowered in order to manage home and playing their part in society and economy. Working women are considered as financially literate and have positive financial attitude. In today's world, women are also consuming financial products and services independently as well as in conjunction with the family members, partner and spouses (Zinman 2009). But in reality women basically rural women are financially illiterate due proper financial knowledge. Financially illiterate is the one obstacle in the process of sustainable development of a country.

Lack financial support is the main reasons for financial illiterate among rural women's. In these gaps many self help groups (SHGs) play an important role. They help women financially literate as well as increased the empowerment of group's members. Primary survey was undertaken for this purpose and various questions related to financial literacy were asked to the members of women SHGs to quantify the level of financial habits among rural poor women.

The main purpose of this study is to investigate and analyze the role of SHGs in the financial literacy, financial attitude and financial wellbeing on the economic empowerment of working women. Working women (groups members) was chosen because they earn money and have right to utilize their money on their development

### **IMPORTANCE OF FINANCIAL LITERACY:**

Financial literacy helps individuals become self-sufficient so that they can achieve financial stability. Those who understand the subject should be able to answer several questions about purchases, such as whether an item is required, whether it is affordable, and whether it an asset or a liability.

Financial literacy shows how an individual makes financial decisions. This skill can help a person

---

develop a financial road map to identify what he earns and what he spends. It also affects all ages and all socioeconomic levels.

### **LITERATURE REVIEW:**

Increased variety of financial goods and the volatility of the universal economy in twenty first century caused increasing complexity of financial decisions and also caused consumers to face the challenges in economic and financial performance. For this reason, in the last decade, the significance of financial management skills in personal and work life has increased and researches in this area has been done.

Some of the reviews of the existing studies are listed below.

(Worthington: 2006), however there is no evidence to suggest that these low-income families are financially illiterate. Financial stress could be related to many social issues such as unemployment, large families and poor economic conditions.

Atkinson & Kempson (2004) argues that numerical skills are important in assisting the understanding of financial skills. There is support in many countries such as Australia and the UK to have financial skills taught at middle school levels across the curriculum.

Financial attitude is an important factor that affects the financial wellbeing. Positive financial attitude is result of financial literacy and is ultimately results in financial wellbeing and economic empowerment of the individual. Financial attitude is linked with financial knowledge (Shim et al., 2009). Financial attitude is an important factor that affects the financial wellbeing. Financial attitude of working women is an important factor that affects the financial wellbeing. Financial literacy develops financial attitude and financial attitude leads toward financial wellbeing.

Bernanke (2011) highlighted the need for continual updating of financial literacy across all age groups because of the dynamic nature of financial products and services as well as the changing needs and circumstances of individuals with time He observed that exposing young people to financial concepts is particularly important as they are vulnerable to the temptations of taking excessive debt. He highlighted the efforts being made by the Federal Reserve Board to enhance financial literacy of individuals.

Agarwalla Sobhesh Kumar, Barua Samir, Jacob Joshy, JayanthR. Varma (2012) conducted a study among 3000 individuals, and found that financial knowledge among Indians is very low than the International standards. But the financial behaviour and attitude of the employees and retired seems to be positive. The financial knowledge among the women are marginally high than the men. Greater access to consumption credits has influenced the financial behaviour of young employees'

Economic empowerment is significantly and positively related with financial literacy, positive financial attitude and financial wellbeing (Judy L. Postmus, Sarah McMahon et. al. 2012). Financial wellbeing is the outcome of financial literacy and positive financial attitude whereas level of financial wellbeing determines the economic empowerment of individuals. Women's economic empowerment is vital to recognize women's right and to accomplish the greater developmental goals such as, poverty reduction, education, economic growth, health and welfare.

### **OBJECTIVES OF THE STUDY:**

The study is carried out to attain the following objectives.

- (i) To find out the difference in financial literacy among women before and after joining the groups.
- (ii) To examine out the role of SHGs in financial literacy and empowerment of the women.
- (iii) To examine income status of the women group members.

### **SIGNIFICANCE OF THE STUDY:**

India being the developing country in the world, it has typical features with rural poor women which is an underdeveloped class of the society. Few Research Project was undertaken to study the women financial empowerment in rural parts of Burdwan District by setting women SHGs. Our study covered some SHGs in Kalna blockII under Burdwan District. It was revealed the social and economic development of women along with entrepreneurial growth through SHG activities in the study area. Women were found undertaking savings from their monthly incomes, they were found happy to undertake SHG activities with training and developing skills among these women. They were found taking active part in their family decision making. Thus the study was found useful adding knowledge to the women empowerment as well as financial literacy.

### **DATA BASE AND METHODOLOGY:**

The study was conducted descriptive survey methods. The geographical area of the study is confined to Kalna block II, district Burdwan. Data for the study were collected through self-prepared questionnaire which contain ten items related to financial literacy. Data were analyzed through statistical techniques like tabulations, percentage etc. Sample for the study was selected on the basis of simple random sampling. Total 50 women group members were selected from the two gram panchayat under Kalna blockII.

### **RESULTS AND DISCUSSIONS:**

Mainly, members of the SHGs are women in our study area. Consequently, participation of women in the country's economic development is increasing. They also play an important role in elevating the economic status of their families. This has led boost to the process of women's empowerment. The SHG is the dominant microfinance methodology in India. The operations of 15-25 member SHGs are based on the principle of revolving the members' own savings.

The self structure questionnaire was distributed among the 50 women group members and data were collected by the investigators personally meeting the respondents. Responses of the SHGs members are shown in the table-1.

Table-1

Responses of the SGHs members

Sl.No	Items	Before joining the groups		After joining the groups	
		Yes	No	Yes	No
1	Do you have idea the about actual monthly income of yours family?	5(10%)	45(90%)	45(90%)	5(10%)
2	Do you take part in financial decision in your family?	5(10%)	45(90%)	40(80%)	10(20%)
3	Do you have interest in preparing family budget?	10(20%)	40(80%)	45(90%)	5(10%)
4	Do you have bank account?	10(20%)	40(80%)	50(100%)	0
5	Are you confident in bank transactions?	5(10%)	45(90%)	50(100%)	0
6	Do you use ATM card?	5(10%)	45(90%)	50(100%)	0
7	Do you use credit card?	0	50(100%)	10(20%)	40(80%)
8	Do you have informal savings?	0	50(100%)	35(70%)	15(30%)
9	Do you have any insurance policy?	2(4%)	48(96%)	45(90%)	5(10%)
10	Do you want to invest your savings?	0	50(100%)	45(90%)	5(10%)

Source: Author own calculation from primary data.

All the 10 items in the questionnaire were responded by 50 samples of women in the study area. Regarding actual family income 90% women have no knowledge before joining the groups but after joining the groups 90% women have knowledge about her actual family income. Only 10% women take financial decision in their family before joining groups while 80% women take financial decision in their family after joining groups. Preparation of family budget is very important and it indicates the financial awareness of the members. It is found from the responses 90% women do not have interest in preparing family budget before joining the groups but 80% have interest in preparing family budget after joining the groups. It is to be noted that most of the women have no Bank account before joining the groups but after joining the groups 100% women were opened their bank account. Again 90% women are not confident in Bank transaction before joining the groups but 100% women are very much confident in Bank transaction before after the groups. Majority of group's members do not use ATM or Credit card before joining groups. But 100% women are use ATM card after joining the groups which indicate the high level of financial literacy among the women. Table 1 also show that 70% women have informal savings which indicate that women are aware of savings after joining the groups. However it is also found that 90% group members have insurance policy after formation the group while 4% women have insurance policy before formation of the groups. It is indicates that formation of the groups help to create awareness among the women about the merits of the insurance in our life. Analysis of all the responses revealed that although women become financially literate after joining the groups. That is SHGs play an important role in process of financial literacy among the women in the study area.

Table 2

## Monthly Income of the SHG members

Sl. No.	Income Range (Rs.)	Percentage (%)		Percentage (%)	
		Before joining groups	After joining groups	Before joining groups	After joining groups
1	2000-5000	30	3	30	3
2	5001-7000	15	32	15	32
3	7001-9000	5	10	5	10
4	9001-12000	Nil	5	0	5
Total		50	50	100	100

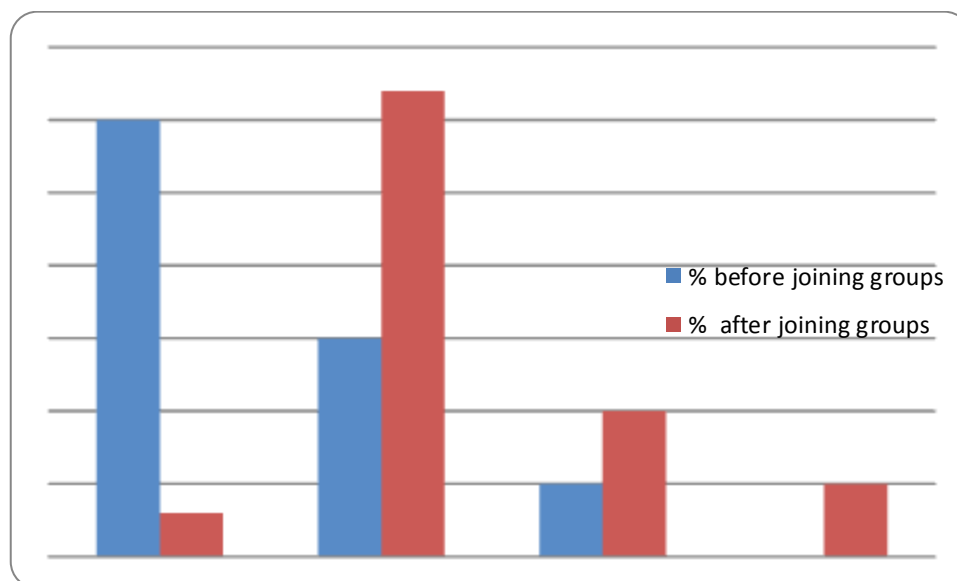
Source: Author's own calculation

In India, SHG facilities are given to only those who are Below Poverty Line and their income less than the limit. The SHG women members were majority poor and SHG income was supporting their families. If micro finance facilities are given to such women members, that is financial inclusion in actual sense. The following table 2 shows monthly income level of women members before and after joining the groups from whom primary data was collected.

It is observed from the Table 2 that 30 % SHG members have their monthly income(before joining the groups) less than Rs. 5,000/- which means really these members are from very poor families but this scenery changed due to joining the groups.32% members belongs to income group Rs 5001-7000. And 5% members belong to Rs 9001-12000.That is the level of income increased after joining the groups.

The following figure 1 shows the Monthly Income of the SHG members before and after the joining the groups..

Figure 1  
Monthly Income of the SHG members



Source: Author own calculation

### Conclusion:

The level of financial literacy depends upon the financial needs and behaviour of an individual. From the above studies, it is observed that financial literacy among women is highly influenced by the SHGs. The study focused on the financial literacy of women as women have been the most defenceless group in our society. Economic empowerment of women is a must for which the financial literacy level of women needs to be improved. As per the findings of the present study, the financial literacy and empowerment level of women in the study area is no doubt up to a satisfactory level through SHGs.

### References:

1. Balu, V., Developing Women Entrepreneurship Through Self-Help Groups, *SEDME Journal*, Vol. 32, No.2, June 2005, p. 50.
2. Das Gupta, A., SHGs and Micro Credit: Rural Banking for Women, *Social Welfare*, Vol.45, No. 12, March 1999, p.22.
3. Datt, R. and K.P.M. Sundharam, *Indian Economy*, 57<sup>th</sup> revised edition, S. Chand and Company Ltd. Delhi, 2007, p. 586.
4. Dodkey, M.D., SHGs and Micro Credit: Sustaining Rural Women, *Social Welfare*, Vol. 45, No. 12, March 1999, pp. 19-20.
5. Financial Inclusion Taskforce, <http://www.financialinclusion-taskforce.org.uk/>