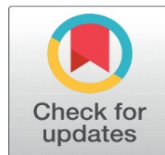# PRE AND POST LEVEL OF FINANCIAL LITERACY OF SHG MEMBERS, IMPACT OF FINANCIAL LITERACY ON ECONOMIC EMPOWERMENT AND FACTORS DRIVING ECONOMIC EMPOWERMENT – A STUDY WITH REFERENCE TO CHIKKABALLAPURA DISTRICT, KARNATAKA

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ABSTRACT

Purpose : The main intention of the present study is to know whether the demographic profiles impact on the study of financial literacy and women economic empowerment. Further, the study is also conducted to know the level of financial literacy of women SHG members before and after joining self help groups (SHGs), and to study the impact of financial literacy on economic women empowerment. Also further, the study conducted to know the factors impacting economic women empowerment, women studies reveal that unless and until women are developed their empowerment programs have no real meaning. Women empowerment has been noticed as a pre-requisite condition to reduce the level of poverty in developing nations (Aysha et al., 2018).

Methodology / Design : A well defined previously known questionnaire which was managed as schedule after knowing the constraints in collecting back questionnaires with their incompleteness and avoid. A total of 108 questionnaire where in the hard and out of this only 100 were usable one balance of questionnaires were rejected. Chi-square, contingency co-efficient, Kendall's co-efficient of concordance, weighted average and Impact of Financial Literacy Index (IFLI) quantitative techniques were performed. The participants of the study include SHG members of 6 blocks selected villages.

Findings : The present research work reveals that all the demographics are supporting the study and there exist significant variation in the data. The financial literacy has improved after joining SHGs. Factors of financial literacy impacting on ecommerce women empowerment includes in the order, women gains financial knowledge, road to economic empowerment and reduction in financial anxiety and stress. Further, the study also found about the factors driving women economic empowerment which includes in the order economic independence, savings formation and reduction in dependency on money lenders.

Keywords: Financial Literacy, Economic Women Empowerment, Savings, Money Lenders, Self Confidence Independence, Freedom, Education, Risk, Finance

1. INTRODUCTION

Credit plays an important role in rural development and poverty alleviation (Pitt and Khandkar, 1998). The conditions of rural poor women is vulnerable, precarious since their annual income is worse than that of any tiny landlords (Kamal Vatta, 2003). Financial literacy and women empowerment is always related. Financial literacy is an opportunity to use effectively the skills of financing like investing, personal financial management and budgeting (Sanju Kumari, 2023). Financial literacy establishes a strong foundation with money and connectivity with money is a long term journey. Financial literacy in developing economics ultimately encourages growth and empower women (Worthington,

2006). From the last few years, the economic empowerment of women through financial literacy has been the most vigorsly explored area across the globe (Al-Tamimi & Hussain, 2009; Lusardi and Mitchell, 2011; Bhushan et al., 2013).

Microfinance is a financial service of some quantity provided by financial institutions to poor (Dasgupta, 2005). These financial services contains savings. Credit, insurance, leasing, money transfer, equity transactions etc., These financial services are provided to the poor in order to meet their normal financial needs. The World Development Report (2000-01) has described microfinance as a 'market-based formal mechanism' to hedge against the risks faced by poor people as compared to the informal group based mechanism like savings and credit associations (Nair, T. S. 2001). Micro finance positively contributed to the overall growth in standard of living and livelihood activities (Madhubala Swamy, 2014). Tessi Swope (2005) expressed that the participants in microfinance activities enjoyed the benefits of higher education, decrease in vulnerability in economic shock and greater empowerment. Innumerable studies like Kabeer (2005), Mayoux (2001), Otero, (2019), Pitt and Khandkar (1996) and Rehman (1980) found that microfinance is a good strategy to remove poverty, empower women and augmenting economic development. Women empowerment attracted the attention in recent years but there is no single universally accepted definition of women's economic empowerment most researchers have investigated women empowerment on a single dimensional basis. Economic empowerment dominated most of the research findings (Peprah, 2012; Chhay, 2011; Amin and Pebly, 1994; Rehman et al. 2009; Sohail 2014, Zoynul and Fahmida, 2013). Findings on women economic empowerment is critical as they form the basis for other dimensions of women empowerment. Women empowerment is a multi-dimensional approach which covers economic, socio cultural, legal, political, interpersonal and psychological (Johnson, 2005; Saramathi and Mohan, 2011; Malhotra & Mathur, 1997) poverty anywhere constitutes a danger to the prosperity everywhere. Poverty as a pandemic which has noticed by policy makers and researchers to frame suitable politics to alleviate the poverty which is the need at present in order to improve the living standards (Bent, 2019). Poverty can be destroyed if only if poor societies are equipped with proper resources enabling the poor to get quick start of income generating economic activities like petty business, small scale farming, and sole trading (Khan et al., 2020). Poverty alleviation aims raising the income of the poor through wealth creation (Zaral et al., 2019). The failure of formal institutions in poverty relief accounted for a shift in the thinking related to the development and led to the emergence of MFIs (Abrar and Javid, 2016).

Statement of the problem:

The male dominated society in India against joining of women into the mainstream. Women forms 2/3 of labor force but unfortunately they are discriminated in all fields. They are the victims of accessing complete social, economic and financial literacy opportunities. It is well known concept that the growth of any nation much depends upon the economic development of rural women. Further, rural areas are the centre of poverty and unemployment leading to lower rate of women empowerment. Over the previous two decades the growth in the economic women empowerment is hindered because of the poverty situation. The people who are bracketed in the BPL group and their empowerment is the issue before the government. Financial literacy and economic women empowerment are related. Financial literacy among respondents is very essential and basic need of the poor in order to come out of poverty, socio-economic constraints. Rural microfinance and financial literacy studies are available in plenty. The presented research work to connect the existing gap and designed to study the financial literacy level of SHGs members before and after joining SHGs and impact of financial literacy on economic women empowerment and factors impacting on economic women empowerment.

Before and after joining SHGs realistic framework on financial literacy and women empowerment
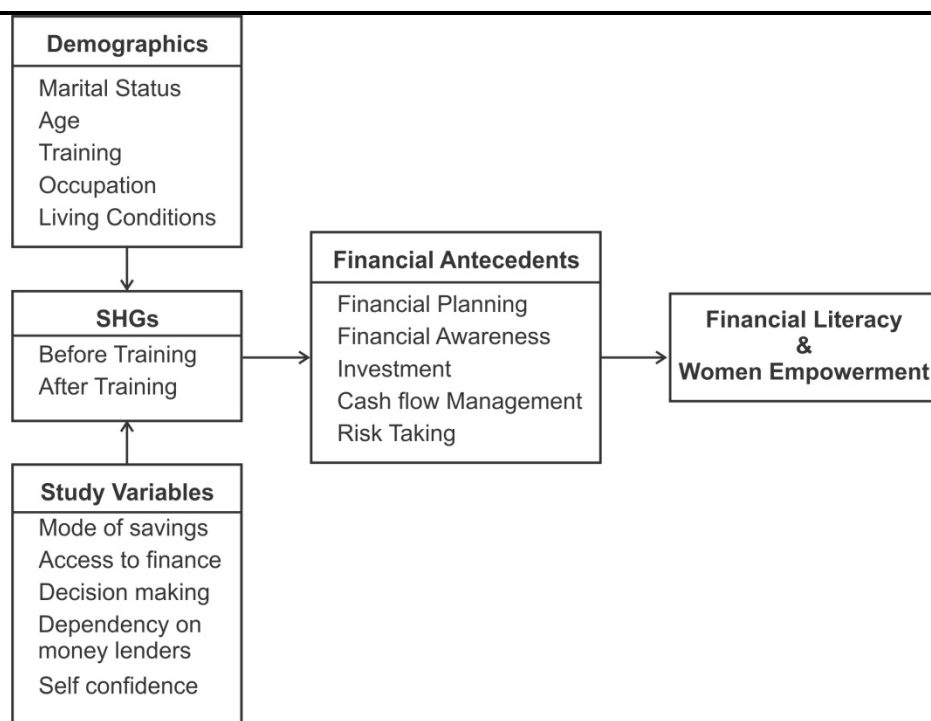
Source: Author's Creation

2. REVIEW OF LITERATURE

The study by Tirunavakkarasu Murugeshan et al. (2021) that the P-value for the mean responses of the SHG women members on the seven significant facets of financial literacy before and after joining SHGs was found to be highly significant @ 5% (P < 0.05), the assumed level of significance. Therefore, the researcher concludes with evidence that there was a significant difference in the financial literacy of the SHG women members before and after joining SHGs.

Purushotham Vishnu Bhandari, et al. (2021) stated that to improve the financial behaviour of any individual there is a need to provide financial education which increases financial literacy. Financial literacy helps in financial decision making. The findings of the study reveals that financial models are mixed. Both the models adopted in the study differs in delivery, the type of program and primarily in the learning preferences. The study distinguishes financial literacy models by Fairlie decomposition technique that contains the one-to-one matching cases from the types of training groups. The result in final suggest a difference in terms of financial behavior between the two groups of individuals obtaining two different types of training.

Baneshwar Kapasi et al. (2022) stated that SHGs are to be regarded as a significant way of poverty alleviation, micro entrepreneurship, financial inclusion and women empowerment. The members of an SHGs enjoys better standards of living by improving their level of financial literacy through joining with SHGs. The study was conducted to find the level of financial literacy and to measure the variations in such literacy among the members of women SHGs belonging to different demographics socio-economic characteristics. The data was collected through field survey with the help of structured questionnaire. The findings of the study ensured the significant impact of age, marital status, education and family income of the members on FLS as well as on variations of their level of financial literacy. More than 70% of members were scored as holders of an average level of financial literacy.

Advashnavig (2022) stated that microfinance in India plays a major role in the development of India. It was as an antipoverty vaccine for the people living in rural areas. The researcher further expressed that utmost significance of microfinance in India is that it dispenses the access to capital to the small entrepreneurs.

3. RESEARCH METHODOLOGY

Universe of the study : The present study is confined to Chikkaballapur district of Karnataka. There are 6 block (taluks) namely Bagepalli, Chikkaballapura, Chintamani, Gowribidanuru Gudibanda, Sidlaghatta. Respondents were

interviewed based on the proportionate membership in the taluks. The villages selected were Devaragudipalli, Dibburu, Chinnasandra, Alakapura, Yellodu and Hindiganala.

Participants : Participants in the study belongs to 6 villages of taluks. All participants are rural women and their main occupation is agriculture.

Sample and sampling technique

Taluks	No.of SHGs	Members	Sample Village	SHGs	Members	Sample
Bagepalli	1587	15248	Devaragudipalli	108	1251	27
Chikkaballapura	1488	15234	Dibbur	79	771	17
Chintamani	2072	21322	Chinnasandra	89	828	18
Gouribidanur	2023	21846	Alakapura	74	760	16
Gudibande	487	4570	Yellodu	39	330	7
Sidlghatta	1574	15891	Hindiganala	75	695	15
Total	9181	94111	6 villages	464	4635	100

Source: NRLM https://ur/m.gov.in?shg report

The sample considered for the study is 100. The sample is on the data provided by National Rural Livelihood Mission (NRLM) and it is proportion to the total members of 6 sample villages.

Data Source : The presented study is based on both primary and secondary data. Primary data collected through a well drafted questionnaire in local language. The secondary data included journals, reports and books.

Questionnaires : A pre-planned questionnaire with administered is schedule after considering the problems like non response, incomplete, and avoid. Questions were translated into Kannada local language and the responses given were entered by the researcher. Since the questionnaire method of data collection is the better method of data collection. Hence the same is followed.

Study variables : The socio economic characteristics of respondents constitute moderate variables. The dependent variable of the study is economic women empowerment and independent variables impacting on the study constitute financial literacy in the presented study.

Impact of Financial Literacy Index : (IFLI)

The extent of impact is measured through forming IFL index.

The extent of impact = $IFLI_{SA}$ + $IFLI_A$ + $IFLI_{SWA}$ where

$IFLI_{SA}$ = The opinions of respondents in the form of strongly agree about IFLI.

$IFLI_A$ = The refuses of respondents that in the form of agree.

$IFLI_{SWA}$ = The opinions of respondents expressed in the form of somewhat agree.

Objectives :

To study the socio economic characteristics of the respondents.

To analyze the level of financial literacy among the respondents before and after joining SHGs.

To study the impact of financial literacy on economic women empowerment.

To analyze the factors driving economic empowerment of women.

Hypotheses

H_{01} There exist no significant variations in the demographic profile of respondents.

H_{02} There is no level of financial literacy either before joining or after joining of SHGs.

H_{03} There is no impact of financial literacy on economic women empowerment.

H_{04} There are no factors impacting economic empowerment of women.

Research questions

What are the reasons behind demographic profiles not impacting on the study?

What is the level of financial literacy among the respondents before and after joining SHGs?

What is the impact of financial literacy on economic women empowerment?

Which factors drive economic women empowerment?

Limitations:

The study is confined only one district of Chikkaballapura.

The sample as restricted to one village in 6 taluks.

The sample of the study is being small, and dependency on the study requires further deep study.

Data presentation and Analysis-1 : Demographic profile

Table-1 highlights data on respondents socio economic characteristics. There are 80 married, 15 remained single and 5 divorcee. 42 respondents belongs to 30-40 years followed by 25 > 50 years, 15 between 40-50 years, 10 belongs 20-30 years and 8 < 20 years. 43 studied up to 10th standard, 30 completed high school up to 9th standard, 15 PUC, 7 degree holders and 5 illiterates. Income details reveals that 45 are getting monthly income in between 20 – 30 K, 16 in between 10 – 20K, 15 getting in the range of 30 - 40K, and 13 > 40K, 11 < 10K, 42 are vegetable sellers, 22 are textile pieces sellers, 18 selling seasonal fruits, 10 provision clean and petty shop 8, 65 respondents are living in mud house, 22 in huts, 10 in RCC building and 3 in temporary sheds. 81 participated in social activities, 83 are regular in savings forming, 9 not regular and 8 not possible to save. 75 participated in election, 13 supporting candidate and 12 contested in local election. All the demographic profile of respondents are revealing a significant variation in the data with high degree of relationship.

Data Presentation and Analysis – II

Table – 2 & 3 divulge data about level of financial literacy before and after joining SHGs. Before joining SHGs 58 expressed strongly agree, 32 agree and 10 somewhat agree. 18 expressed about risk taking, 13 each expressed about fixed planning, financial awareness and further 13 spoke about savings. The financial literacy after joining SHGs reveals that 71 strongly agree about the statements contained in the table followed by 20 agree and 9 somewhat agree. 28 responded stated about risk taking followed by 16 expressed about financial planning and element each are financial awareness and cash flow management. The 'w' value found 0.14 before joining SHGs and the 'w' value found after joining SHGs was 90. The difference between 0.9 – 0.14 = 0.76. At 7 df (8-1) with 0.05 level of significance the TV = 14.067. The calculated value is 14.91 which is higher than the critical TV and hence "w" fails to accept H_0 and accepts H_1 and therefore it is concluded there exist significant relationship between before and after joining and beneficiaries benefited in the factors of financial literacy.

Table – 4 highlights data about impact of financial literacy on women economic empowerment. To measure the impacts Impact of Financial Literacy Index was framed. The responses are multiplied by corresponding weights 3, 2 & 1 (which are not shown in the table) but the sum of multiplication was obtained. Based on the strength IFLI the ranks were awarded. Further x^2 is obtained and by applying formula c = $x^2 \sqrt{(x^2 + N)}$ i.e., contingency co-efficient was obtained. The first ranked financial literacy impact on economic women empowerment was women gains financial knowledge, the second rank was awarded to road to economic empowerment and the third rank was given to reduction in financial anxiety and stress. The x^2 shows about the significance variation in the statements and all the statements are highly related with the impacts on women and individual statements.

Table – 5 reveals data about factors driving women empowerment. To measure the same weighted average quantitative technique was performed. The responses given by the respondents are defined as 'f' and weights are 'w' and the multiplication of frequencies or observations are multiplied by weights to get 'fw'. The sum of fw is divided by the such of weights i.e., 5 + 4 + 3 + 2 + 1 = 15. Based on the highest of "WA" which is derived by sum of weights ranks were awarded. Accordingly, the first rank was awarded to economic independence, the second rank was given to savings formation and the third rank was awarded to reduction in dependency on money lenders. The remaining statements were ranked depending upon the highest of the 'WA'.

4. DISCUSSION AND CONCLUSION

Chikkaballapura is a promising area for the growth of microfinance activities. It is a famous center for different vegetables export within and outside the nation. Innumerable poor women are employed in the agricultural market in weighing, bagging and separating the vegetables quality-wise. The vegetable are sent via trucks to Hyderabad early market and Bombay market. The socio economic characteristics of rural Chikkaballapur SHGs women are studies before and after joining the SHGs and socio economic characteristics reveal about the significant variation with high degree of relationship. The knowledge level of respondents about financial literacy was high after joining SHGs. The impact of financial literacy on women employment factors are found on this research work included, women gains financial knowledge, road to economic empowerment and reduction in financial anxiety and stress. Further, the study also explored about the factors where drives economic women empowerment which contains economic independence, savings formation, and reduction in dependency on money lenders. The collected data presented in suitable tables and concerned quantitative techniques were performed to analyze and interpret the data.

5. CONCLUSION

Agriculture is the main occupation in Chikkabllapura district. It is famous for the growth of qualitative vegetables which has a critical market in South India. The favorable markets are Hyderabad and Bombay wherein daily transport of excess growth vegetables are common. Innumerable laborers are employed in regulated market at Chikkaballapur. Further laborers are also employed in agricultural activities. The presented research paper highlights that the demographics of respondents show significant relationship with high degree of relationship between the related variables. Further the study throw light on the antecedents which are related with the financial literacy before and after joining SHGs and the study found enhancement in financial literacy after joining SHGs. There is enhancement after joining SHGs in the case of antecedents like financial planning, cash flow management and risk taking. The impact of financial literacy on economic women empowerment is measured by performing IFL Index. The measure reveals about impact of financial literacy on economic empowerment which includes women gains financial knowledge, road to economic empowerment and reduction in financial anxiety and stress. The factors driving economic empowerment includes economic independence, savings formation and reduction in dependency on money lenders. The data collected was presented in the form of tables and suitable measurement techniques were performed for the purpose of analysis and interpretation of data.

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Table-1 : Socio-economic characteristics of respondents

Characteristics	x^2	TV @ 0.05	df	Result of x^2	"c"	Result of "c"
Marital Status	99.50	5.991	2	Significant	0.70	High Degree
Age in years	38.9	9.488	4	Significant	0.52	High Degree
Education	52.4	9.488	4	Significant	0.58	High Degree
Monthly income (INR)	39.8	9.488	4	Significant	0.53	High Degree
Occupation	36.8	7.815	3	Significant	0.51	High Degree
Living conditions	92.72	7.815	3	Significant	0.69	High Degree
Participation in social activities	38.44	3.841	1	Significant	0.52	High Degree
Savings formation	111.05	5.951	2	Significant	0.72	High Degree
Participation in election supporting a candidate and contest in local elections	78.14	5.991	2	Significant	0.66	High Degree

Source: Field Survey

Note : x^2 = Chi-square

'c' = $\sqrt{(x2 / x2 + N)}$

Where 'c' = Contingency Co-efficient, N = Number of Observations

When the value 'c' is equal or nearer to 1, it means that there is high degree of association between attributes. Contingency co-efficient will always to be less than 1. High degree is considered here if 'c' is 0.50 and above.

Fig - 1: Demographic profile of Respondents

Fig-1: Demographics of respondents
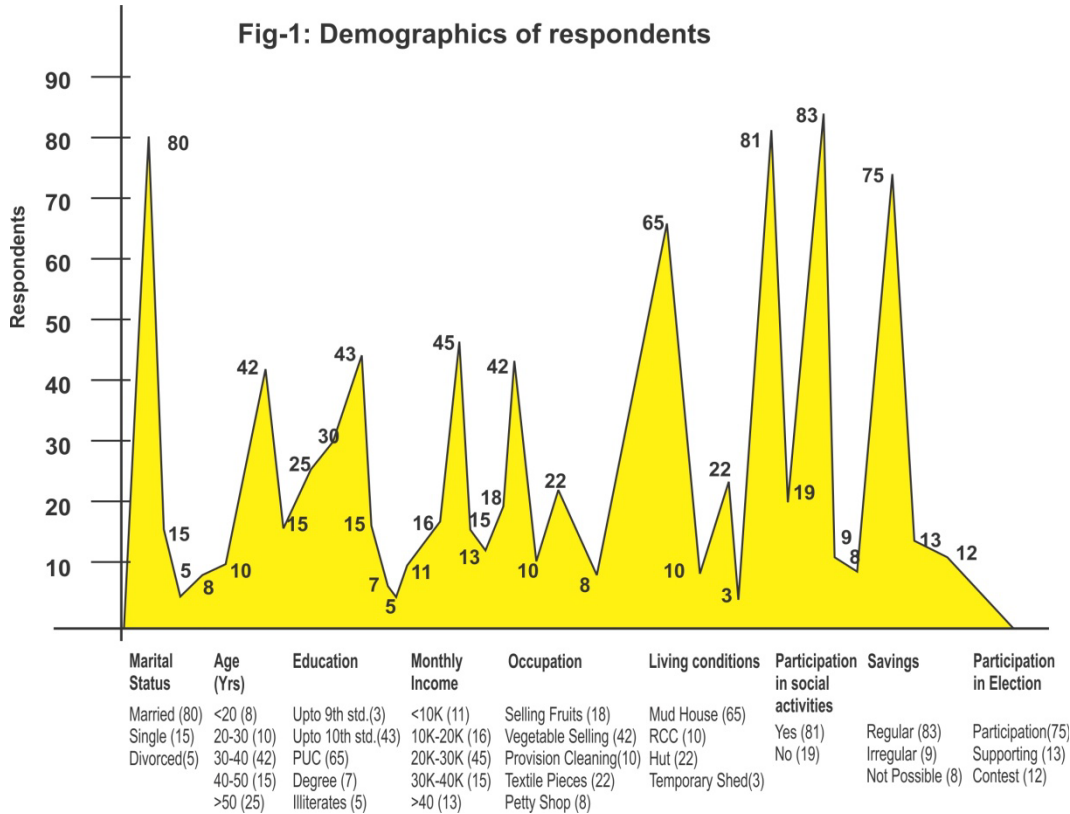
Table - 2 : Level of Financial literacy before joining SHGs - Kendall's co-efficient of concordance.

Factors driving financial literacy	SA	A	SWA	RT	RT^2
Financial awareness	8	4	1	13	169
Investment	4	3	1	8	64
Investment	4	3	1	8	64
Savings	7	4	2	13	169
Cash flow management	8	3	1	12	144
Risk taking	9	6	3	18	324
Independent decision	8	3	1	12	144
Financial literacy is barometer in skill acquiring	5	6	-	11	121
Total	58	32	10	100	1304

Source : Field Survey

Note :

$SSR = \Sigma RT^2 - (RT)^2 / N$

= 1304 - $(100)^2$ / 8 = 1304 - 1250 = 54

Use the sum of squares (SSR) in the following formula to obtain Kendall's 'w'.

W = 12 x SSR / K^2N (N^2 - 1)

= 12 x 54 / 9 x 8 (64 - 1) = 648 / 4536 = 0.14

Table - 3 : Level of Financial literacy after joining SHGs - Kendall's co-efficient of concordance.

Factors driving financial literacy	SA	A	SWA	RT	RT^2
Financial planning	13	2	1	16	256
Financial awareness	7	3	1	11	121
Investment	6	2	1	9	81
Savings	8	3	1	12	144
Cash flow management	9	2	-	11	121
Risk taking	18	6	4	28	784
Independent decision	4	1	-	5	25
Financial literacy is barometer in skill acquiring	6	1	1	8	64
Total	71	20	9	100	1596

Source : Field Survey

Note :

SSR = ΣRT^2 - $(RT)^2$ / N

= 1596 - $(100)^2$ / 8 = 1596 - 1250 = 346

Use the sum of squares (SSR) in the following formula to obtain Kendall's 'w'.

W = 12 x SSR / K^2N (N^2 - 1)

= 12 x 346 / 9 x 8 (64 - 1) = 4152 / 4536 = 0.90

Now find the difference between 0.90 - 0.14 = 0.76

Test the significance of "w" by using the chi-square statistic.

x2 = k (n-1) w

= 3 (8-1) 0.76

= 3 x 7 x 0.71 = 14.91

Decision : At 7 df (8-1) with 0.05 level of significance the TV = 14.067. The calculated value is 14.91 is higher than the critical TV and hence "w" fails to accept H_0 and accepts H_1. Therefore it is concluded that there exist significant relationship between before and after joining SHGs and beneficiaries benefitted after joining SHGs.

Table - 4 : Impact of financial literacy on economic women empowerment.

Impact of financial literacy on economic women empowerment	SA	A	SWA	IFLI	R	x^2	Result of x^2	"c"	Result of "c"

Statement						Rank		Significance		Degree
Brings economic equity	55	55	35	10	245	XVI	149.57	Significant	0.77	High Degree
Road to economic empowerment	80	18		2	278	II	357.49	Significant	0.88	High Degree
Widens financial knowledge and good habits	75	20		5	270	IX	321.56	Significant	0.87	High Degree
Poor are guided about financial information	68	24		8	260	XIV	247.48	Significant	0.84	High Degree
Avoids taking poor decisions	78	18		4	274	V	341.89	Significant	0.87	High Degree
Financially literate women takes better decision	81	10		9	272	VII	384.56	Significant	0.89	High Degree
Avoids becoming of victims of financial fraud	68	22		10	258	XV	249.57	Significant	0.84	High Degree
Women gains financial knowledge	82	16		2	280	I	379.40	Significant	0.88	High Degree
Maintains better day-to-day affairs	68	23		9	268	XI	248.48	Significant	0.84	High Degree
Reduction in financial anxiety and stress	79	18		3	276	III	348.30	Significant	0.88	High Degree
Financial literacy brings better economic empowerment	79	16		5	274	V	352.48	Significant	0.88	High Degree

Enhances access to finance	81	13	6	275	IV	387.08	Significant	0.89	High Degree
Better decision is household resources	76	20	4	272	VII	319.15	Significant	0.87	High Degree
Enhanced monthly savings	74	20	6	268	XI	302.00	Significant	0.87	High Degree
Financial literacy helps to acquire assets	77	15	8	269	X	336.78	Significant	0.87	High Degree
Financial literacy achieves social justice through empowerment	76	14	10	266	XII	328.23	Significant	0.87	High Degree

Source : Field Survey

Note : Impact of Financial Literacy Index (IFLI)

Table - 5 : Factors driving women empowerment

Factors impacting on women empowerment	Weight	5	4	3	2	1	Total	WA
	Likert scale	SA	A	N	DA	SDA		
Reduction in dependency on money lenders	f	86	12	1	1	-	100	32.20
	fw	430	48	3	2	-	483	III
Access to markets	f	85	11	2	2	-	100	31.93
	fw	425	44	6	4	-	479	IV
Freedom to buy & sell fixed assets	f	80	11	5	2	2	100	VIII
	fw	400	44	15	4	2	465	31.00
Savings formation	f	87	12	-	-	1	100	II
	fw	435	48	-	-	1	484	32.27
Education, skills development and training	f	76	8	5	4	7	100	XV
	fw	380	32	15	8	7	442	29.47
Collective action and leadership	f	79	12	3	4	2	100	X
	fw	395	48	9	8	2	462	30.80

Social protection	f	70	12	8	7	3	100	XVI
	fw	350	48	24	14	3	439	29.27
Labour market characteristics	f	81	9	5	4	1	100	VIII
	fw	405	36	15	8	1	465	31.00
Gender norms and discriminatory social norms	f	80	8	3	4	5	100	XIII
	fw	400	32	9	8	5	454	30.27
Access to quality, decent paid work	f	82	9	4	3	2	100	VI
	fw	410	36	12	6	2	466	31.06
Self confidence	f	80	10	3	4	3	100	XI
	fw	400	40	9	8	3	460	30.66
Awareness of political system voting and contest	f	83	8	3	4	2	100	VI
	fw	415	32	9	8	2	466	31.06
Enhanced standard of living	f	85	10	3	2	-	100	V
	fw	425	40	9	4	-	478	31.87
Economic independence	f	84	13	2	1	-	100	I
	fw	420	52	6	2	-	485	32.33
Psychological well being	f	65	22	12	1	-	100	XIV
	fw	325	88	36	2	-	451	30.06
Women freedom movement	f	72	20	6	-	2	100	XI
	fw	360	80	18	-	2	460	30.66

Source : Field survey

Note : ΣWA = Total / Σw

ΣW = 3 + 2 + 1 = 6