

Determinants that Contribute Women to Join in SHGs in Andhra Pradesh, India

Abstract:

The microfinance initiative, particularly the bank-linked Self-Help Group (SHG) program, has played a pivotal role in empowering women in rural areas, notably in India. This study employs an ex-post facto research design to examine the success of the SHG model in enhancing women's financial independence and overall empowerment. The study was conducted in the Rayalaseema region with a focus on Kurnool and Anantapur districts. A total of 6 mandals, 30 villages, and 360 women respondents representing 120 SHG groups were included in the research. Utilizing factor analysis, the study categorizes influential factors into sets. The study concluded that the key factors influencing women to join SHGs was enterprise development, improving family income, relationship dynamics, recognition, government support, and inspiration. This research provides valuable insights into the impact of microfinance programs on achieving women's empowerment. The study concludes that the Bank-Linked SHG model has been instrumental in addressing various aspects of women's empowerment, including economic independence, social recognition, and skill development

Keywords: *Microfinance, SHGs, Financial interdependence, Living standards, Women*

Introduction:

Microfinance has proven to be a valuable instrument for addressing financial inequality and promoting women's economic independence, not only in rural villages but also in urban areas. It offers opportunities for women to break the cycle of poverty, build self-reliance, and contribute to the economic growth of their families and communities (Kashid et al., 2022). These initiatives can contribute to the holistic development of women and in turn benefit the entire country by reducing poverty and enhancing gender equality (Bonny et al., 2021; Saha et al., 2018). Among various microfinance models, the Bank-Linked Self-Help Group (SHG) model stands out as unique model for empowering women in rural areas (Brody et al., 2017). SHGs have played a vital role in enhancing financial inclusion, improving the economic status of women, and encouraging entrepreneurship and self-reliance (Kumar et al., 2021). Through the linkage with banks, SHGs have gained access to credit, enabling women to undertake income-generating activities and thereby contributing to their economic independence and overall well-being (Lakhwinder et al., 2014). The SHG model has been a successful approach in empowering women in India and thereby enhancing their financial independence, and contributing to their overall empowerment (Mohapatra and Sahoo, 2016). It promotes a culture of savings and cooperation while providing access to financial resources that can be used for income-generating activities and improving the quality of life for the members and their communities (Nayak et al., 2020).

The Self-Help Group (SHG) Bank Linkage Program in India is indeed one of the largest microfinance programs in the world, and it has made a significant impact on millions of households, particularly women (Singh et al., 2018; Devi et al., 2021). Among all the states Bihar stands first (10,54,992) in in terms of total number of self-help groups and SHG member's count followed by West Bengal (10,68,644) and Andhra Pradesh (8,53,130) as

second and third highest states. In terms of the number of SHG women members and bank-linked SHG groups in Southern India, Andhra Pradesh stands in top. Numerous studies have been conducted on microfinance, SHGs, and women's empowerment separately; however, there is a lack of research on women's performance, the overall impact of SHGs on empowerment, and the factors that influence SHG member engagement (*Prasad and Choubey 2023; Das.,2023*). In this context, a research study was conducted in Andhra Pradesh with the objective to analyse the factor influencing women participation in SHG.

Materials & Methods:

Ex-post facto research design was followed in the present study. Two districts namely Kurnool and Anantapur districts from Rayalaseema region were selected purposively based on recommendations of Society for Elimination and Rural Poverty (SERP) of Andhra Pradesh in accordance to SHG group count, performance of SHGs, and spells of loans taken. A total of 6 mandals, 30 villages and 360 women respondents from 120 SHG groups were selected for the present study. Required information about factors influencing women participation in SHGs was collected using a well-structured and pretested schedule through personal interview method and five-point continuum was used for collecting the data during 2022 – 2023. Factor analysis was employed for grouping the factors into sets(*Spandana et al., 2023*). Factor analysis was performed in SPSS using PCA (principal component analysis) with varimax rotation. Varimax rotation method was widely used and the most accepted one as it simplified the interpretation by maximizing variance of factor loadings on each factor. The factor loadings were calculated by using the following formula.

$$F=X_1+ X_2+..... X_g$$

Factor loadings(F)= Correlation of each variable with the underlying factor

Factor score= Subject’s responses X-factor loadings

Results & Discussions:

The analysis of the relationship pattern among factors influencing member participation in Self-Help Groups (SHGs) was conducted using factor analysis, as presented in Table 1. The adequacy of data for factor analysis was assessed through the Kaiser–Meyer-Olkin (KMO) measure and Bartlett’s test. The KMO measure was found to be 0.657, indicating that the data was suitable for factor analysis, given that a KMO value above 0.50 is considered adequate. Table 1 reveals the outcomes of the analysis, demonstrating the extraction of 11 factors based on fixed Eigenvalues. These 11 factors collectively accounted for 63.26 percent cumulative variance in assessing the impact on rural women members. The distribution of variance across these factors is as follows: the first factor contributed 8.61 percent, followed by 7.43, 6.87, 6.19, 5.91, 5.70, 4.95, 4.68, 4.53, 4.43, and 3.94 percent, respectively.

Table - 1 Factor and Percentage of Variance for Factors Influencing Member Participation with Eigen Values

S. No	Factors	Eigenvalue	Percentage of variance	Cumulative percentage of variance
1	I	2.530	8.61	8.61

2	II	2.304	7.43	16.04
3	III	2.130	6.87	22.91
4	IV	1.921	6.19	29.11
5	V	1.835	5.91	35.03
6	VI	1.699	5.70	40.73
7	VII	1.504	4.95	45.68
8	VIII	1.420	4.68	50.36
9	IX	1.272	4.53	54.89
10	X	1.256	4.43	59.32
11	XI	1.223	3.94	63.26

The dimension wise factor loadings that demonstrated 50 percent of variation were selected and tabulated in Table-2. Results from table showed that Five variables in the first-factor set, four variables in the fifth factor set, three variables in second & third factor set, two variables in fourth, sixth and ninth factor sets, and only one variable in factor set seventh, eighth, tenth and eleven were included based on the percent of variation (*Yakubu et al., 2023*). The first dimension (Factor I) that influenced women members to join in SHG was labelled as Enterprise development domain as the five factors were related to enterprise development through SHG. Five factors included in this domain were self-employment opportunities (0.614), training regarding schemes related to employment (0.718), poverty elimination (0.614), starting up new enterprise (0.547), and getting subsidy as Runa-Mafi (0.733).

In the second dimension (Factor II) three factors were included and named as family income domain as they were involved in improving income levels by new business ideas (0.755), sharing family responsibility (0.734), and meeting household expenses (0.674). A set of three variables were included under factor III, with the factor loadings of 0.693 for transparent discussion among women SHGs, 0.760 for sharing equal rights, and 0.643 for we feel. This domain was named as Kinship domain as it builds relationship among women and provides, we feeling. Two factors were included under factor IV with factor loading of 0.697 for subsidies from the government and 0.796 for improving contacts with government officials and named as Government supportive domain. The results showed similar results with Chauhan & Saikia, 2023.

Recognition domain (Factor V) included four factors that stated the societal recognition of women for the contributions they made through SHGs and it has accounted for 5.91 per cent of variance. Furthermore, two variables were included in factor-VI and named as Inspirational domain as showcased the success of SHG activities in building entrepreneurial ideas among women. Factor loadings of this factor set were 0.706 for starting up of new enterprise by seeing the success of women SHGs and 0.676 for empowering the lives with SHG support. Homogeneity among the members in sharing benefits were shown in factor VII, with factor loading of 0.823 and named as Uniformity domain. Linkage with financial institutions was the only factor included in factor VIII (Linkage domain) with a factor loading of 0.739. Easy repayment of the loan and low rate of interests were the two variables that were included in factor IX (Budget domain) with factor loadings of 0.825 and 0.543. Strengthening leadership qualities by becoming a member of SHG was the only factor included in Leadership domain with a factor loading of 0.815. Improvement in self-confidence and building self-image through SHGs were the factors included in factor set XI, with a factor loading of 0.649 and was named as Skill development domain.

Table 2 Dimension Wise Factor Loadings

Factor Number	Domain	Factor loading
I	Enterprise Development Domain	
	Self-employment opportunities	0.614
	Training at a local level to know new schemes by government for starting a new business	0.718
	For eliminating the poverty	0.614
	To keep busy by starting up of new enterprise	0.547
	For getting Runa-Mafi through self-help groups for the loan amount used for enterprise	0.733
II	Family Income Domain	
	Exposure to new business ideas for improving family income	0.755
	Sharing up of family responsibility	0.734
	To meet household expenses	0.674
III	Kinship Domain	
	Open discussions among members	0.693
	Sharing equal rights for all members	0.760
	We feeling among members	0.643
IV	Government Supportive Domain	
	Subsidies from government according to caste	0.697
	Increased contact with government officials through NGO based meetings	0.796
V	Recognition Domain	
	Recognition from family members & peers	0.510
	Recognition from society for address issues like child labours, child marriages, and women violence etc.	0.688
	Appreciating the women members for repaying the loan promptly	0.561
	Addressing the women for their efforts in maintaining the group effectively	0.510
VI	Inspirational Domain	
	By seeing the success of others through SHG	0.706
	To start new business for empowering their lives	0.676

Factor Number	Domain	Factor loading
VII	Uniformity Domain	
	Homogeneity among members in sharing of funds	0.823
VIII	Linkage Domain	
	Good linkage with financial institutions for getting loans	0.739
IX	Budget Domain	
	Easy repayment of the loan	0.825
	Low rate of interest	0.543
X	Leadership Domain	
	To strengthen the leadership quality	0.815
XI	Skill Development Domain	
	Improved self - confident and self-image	0.649

Conclusion:

Factor analysis has grouped the selected factors together based on their commonalities and explained the relationship pattern that existed among the selected set of factors and member participation in women SHG. The study concludes that the Bank-Linked SHG model has been instrumental in addressing various aspects of women's empowerment, including economic independence, social recognition, and skill development. Major factors that influenced the women members to join in SHGs was enterprise development followed by improving family income domain, relationship domain, recognition domain, government supportive domain, and inspirational domain. In-depth research could be conducted on individual dimensions to understand the specific nature of each domain in SHG joining and this information will be useful in designing targeted interventions or strategies to enhance women's participation and overall effectiveness within SHGs. Further research and analysis can delve deeper into the specific dynamics and effects of each domain on women's involvement in SHGs, offering even more insights for program development and impact assessment.

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