ISSN PRINT 2319 1775 Online 2320 7876
 UGC CARE Listed (Group -I) Journal Volume 11, Iss 13, 2022

IMPACT OF INSTITUTIONAL CREDIT ON THE DEVELOPMENT OF WOMEN THROUGH SELF HELP GROUP IN KANYAKUMARI DISTRICT

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ABSTRACT

The study investigates the impact of institutional credit on the development of women through Self Help Groups (SHGs) in the Kanyakumari district of Tamil Nadu. SHGs have emerged as a key strategy for women's empowerment in rural India, enabling members to access institutional credit, promote savings, and undertake income-generating activities. The research aims to analyze the socio-economic conditions of SHG members, assess their level of satisfaction with institutional credit, identify problems faced, and evaluate factors influencing their decision to join SHGs. Primary data were collected from 300 SHG members using a structured questionnaire and analyzed using descriptive and inferential statistical tools, including percentages, mean, standard deviation, t-test, F-test, and Friedman Rank Test. The findings reveal that most respondents belong to low-income groups and are motivated to join SHGs primarily to access low-interest loans and develop saving habits. Education of children, repayment of existing loans, and meeting household expenses emerged as the key purposes for availing credit. Statistical analysis showed significant associations between socio-economic profiles and challenges like loan delays, group conflicts, and financial burden. Satisfaction levels indicate a generally positive response toward institutional credit mechanisms, although concerns remain about record-keeping practices. The study concludes that institutional credit significantly contributes to women's development when supported by awareness, proper utilization, and group cohesion, and suggests targeted policy and institutional measures to enhance SHG effectiveness in empowering rural women.

Key Words: Self Help Groups (SHGs), Institutional Credit, Women Empowerment, Rural Development, Microfinance, Socio-economic Conditions, Financial Inclusion.

INTRODUCTION

Women's empowerment has emerged as a key priority in the socio-economic development agenda, especially in rural India. Among the various strategies adopted, the Self Help Group (SHG) model has proven to be an effective instrument for promoting financial inclusion and socio-economic development among women. In India, institutional credit—provided through banks, microfinance institutions, and government schemes—has played a pivotal role in strengthening SHGs and enhancing their capacity to improve the lives of women at the grassroots level.

Kanyakumari district, located at the southernmost tip of Tamil Nadu, offers a unique socio-cultural and economic landscape where women have actively participated in SHG initiatives. The access to institutional credit has enabled many SHGs in this region to undertake income-generating activities, improve household welfare, enhance literacy, and foster decision-making abilities among women. Despite numerous initiatives, the extent and effectiveness of institutional credit in promoting holistic development through SHGs in Kanyakumari district remains an area of active research interest.

This study aims to explore the impact of institutional credit on the development of women associated with SHGs in Kanyakumari district. The focus is to evaluate improvements in economic status, social empowerment, and overall quality of life of women beneficiaries. Understanding these dynamics is crucial for policy makers, financial institutions, and development agencies seeking to enhance the effectiveness of SHGs as a tool for women's development.

STATEMENT OF THE PROBLEM

Despite various policy initiatives and financial interventions aimed at empowering women through Self Help Groups (SHGs), many women in rural areas still face significant barriers in accessing adequate and timely institutional credit. In Kanyakumari district, while SHGs have proliferated and institutional credit flow has increased, questions remain about the actual impact of this credit on the holistic development of women—economically, socially, and personally.

There is a growing concern that institutional credit often fails to reach the most vulnerable women or is underutilized due to lack of financial literacy, inadequate training, or limited market access. Moreover, in some cases, SHGs may become over-dependent on credit without corresponding improvements in income-generating capacity or empowerment. The effectiveness of credit in transforming women's lives depends not only on access but also on how that credit is utilized and supported by other capacity-building measures.

This study seeks to examine the real impact of institutional credit on women's development through SHGs in Kanyakumari district. It aims to identify whether credit has led to tangible improvements in income levels, decision-making power, social participation, and overall empowerment, or whether systemic and operational challenges continue to limit its developmental potential.

NEED OF THE STUDY

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Empowering women through financial inclusion has been a major objective of development initiatives in India, with Self Help Groups (SHGs) serving as a key mechanism for achieving this goal. Institutional credit plays a critical role in enabling SHGs to initiate and sustain income-generating activities, thereby fostering the economic and social upliftment of women. However, the degree to which institutional credit actually contributes to the development of women varies significantly across regions and contexts.

In the case of Kanyakumari district, which has seen a substantial growth in SHG formations and credit linkage programs, it is essential to assess whether these financial interventions are translating into meaningful development outcomes for women. There is a pressing need to evaluate the effectiveness of institutional credit in enhancing the economic status, self-reliance, and decision-making capacity of women beneficiaries. Understanding the ground realities can help bridge the gap between policy intent and implementation outcomes.

This study is needed to provide empirical insights into the role and relevance of institutional credit in the development of women through SHGs in Kanyakumari district. The findings can inform policy makers, financial institutions, and development agencies to refine their approaches and strengthen support mechanisms for women's empowerment at the grassroots level.

Self-Help Group (SHG)

A Self-Help Group is a small homogeneous group of not less than twenty rural women. They come together for obtaining loans from financial institutions in order to employ in income generating activities to improve their standard of living.

Women Entrepreneur

Women entrepreneur may be defined as "Woman or group of women who initiate organize and run a business enterprise." Government of India defined the women entrepreneur as "an enterprise owned and controlled by woman having minimum financial interest 51 per cent of the capital and giving at least 51 per cent of the employment generated in the enterprise to women."

Empowerment

Empowerment is a process and is not something that can be given to women. The process of empowerment is both individual and collective. For the present study it refers to the upliftment of rural women as reflected and assessed in selected economic and social indicators.

Economic Empowerment

Economic empowerment in the present study means only the upliftment or growth or development or advancement noticed among the SHG rural women in the select indicators - Direct Tangible Results and Indirect Tangible Results.

Institutional Credit

Institutional credit means institutions like NABARD, commercial banks, co-operative banks, rural banks and NGO's provides credit to self help groups.

Micro-finance

Micro-finance is a financial service of providing small quantity of finance by the financial institutions to the poor. This financial service includes savings, credit, insurance, leasing, money transfer, equity transactions and the like.

Micro-credit

Micro-credit is defined as provision of thrift, credit and other financial services and products of small amounts to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve living standards.

OBJECTIVES OF THE STUDY

1. To analyze the socio-economic conditions of the respondents who are members of self-help groups in the study area.
2. To assess the level of satisfaction among the respondents regarding the institutional credit facilities available to self-help groups.
3. To examine the various problems faced by the respondents in the study area.
4. To evaluate the key factors that influenced the respondents to join self-help groups.

METHODOLOGY

The present research is conducted in the Kanyakumari district. Members of self-help groups (SHGs) were selected using the simple random sampling method to ensure an unbiased representation of the population. Primary data were collected from 300 SHG members through a structured questionnaire designed to capture relevant socio-economic and institutional information.

Descriptive statistics, such as percentages, were employed to analyze and understand the profile of SHG members. In addition, inferential statistical tools—namely the mean, standard deviation, t-test, and F-test—were applied to examine the differences among the profiles of the respondents and to test the significance of the observed variations.

RESULTS AND DISCUSSION

PROFILE OF RESPONDENTS

Table-1. Profile of Respondents

Profile	Number of Teachers	Percentage
Age Category		
Below 25 Years	37	12.33
26 – 30 Years	69	23.00

31 – 35 Years	86	28.67
36 – 40 Years	80	26.67
41 – 45 Years	28	09.33
Education		
Illiterate	71	23.67
Higher Secondary	97	32.33
Graduate	68	22.67
Others	64	21.33
Occupation		
Home maker	50	16.67
Coolie	94	31.33
Others	156	52.00
Sources of Information to Join SHG		
Friends	53	17.67
Relatives/ Neighbours	103	34.33
Radio/ TV	95	31.67
NGO representatives	49	16.33
Monthly Income		
Less than Rs.20,000	72	24.00
Rs.20,001 – Rs.30,000	89	29.67
Rs.30,001 – Rs.40,000	65	21.67
Rs.40,001 – Rs.50,000	43	14.33
More than Rs.50,000	31	10.33

Primary Data

The demographic profile of the respondents shows that the majority belong to the age groups of 31–35 years (28.67%) and 36–40 years (26.67%), indicating that most participants are in their economically productive years. Regarding education, a significant portion have studied up to higher secondary level (32.33%), while a notable number are illiterate (23.67%), suggesting a mixed literacy background. In terms of occupation, more than half (52%) fall under the "Others" category, followed by coolies (31.33%), reflecting a diverse but

ISSN PRINT 2319 1775 Online 2320 7876
, UGC CARE Listed (Group -I) Journal Volume 11, Iss 13, 2022

labor-intensive employment profile. Friends and relatives/neighbours are the main sources of information for joining SHGs (34.33% and 17.67% respectively), with media also playing a significant role (31.67%). Monthly income data reveals that most respondents earn below Rs. 30,000, with 24% earning less than Rs. 20,000 and 29.67% between Rs. 20,001–30,000, indicating a predominantly low-income group. This profile reflects the socioeconomic vulnerability and the crucial role SHGs play in offering support and empowerment to these individuals.

FACTORS INFLUENCED TO JOIN SHG

The factors influenced to join SHG may differ from person to person. The sample respondents join SHGs for different purposes like developing saving habit, avail bank loan on low interest rate, get employment opportunities, economic independence, availing subsidy and encouragement of the Govt. official / Charitable orgn. / NGO. As to the motivating factors for joining SHGs, the respondents have been asked to assign rankings for various reasons. To find out overall rankings in the order of preferences, Friedman Test was conducted, the result of which is shown in Table

Table- 2. Factors influenced to join SHG

Factors	Mean	Rank
To get bank loan at low rate of interest	3.86	**I**
To develop saving habit	3.79	**II**
Economic independence	3.34	**III**
Availing subsidy	3.83	**IV**
Encouragement of the Govt. official / Charitable Orgn. / NGO	3.31	**V**

Computed Data

The analysis of factors influencing women to join Self Help Groups (SHGs) in Kanyakumari district reveals that the primary motivator is access to bank loans at low rates of interest, which received the highest mean score (3.86) and ranked first. This indicates that affordable institutional credit is a significant attraction for women seeking financial support. The development of a saving habit (mean: 3.79) and the availability of subsidies (mean: 3.83) also play important roles, highlighting the financial awareness and benefits perceived by members. Economic independence ranks third, reflecting the growing desire among women to be self-reliant. Meanwhile, encouragement from government officials, NGOs, or charitable organizations, though helpful, is comparatively less influential. Overall, financial incentives and the aspiration for empowerment are the key factors driving women to join SHGs in the region.

PURPOSE OF AVAILING LOAN

The SHGs grant loans to their members personal or for income generating activities at low rate of interest compared to money lenders. Almost all the members in the study area are availing loan facilities. The loans can be used by individual group members for their personal

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 UGC CARE Listed (Group -I) Journal Volume 11, Iss 13, 2022

needs or for economic activities. Nowadays, SHGs are starting small business, cottage industries and food processing units. The SHGs in the study area grant loans to their members for various purposes. The purposes for which loans obtained by the respondents are to start business, to educate their children, to meet medical expenses, to meet marriage expenses, to maintain household expenses, to redeem other loans and to meet festival expenses. As to the purpose of taking loans, the respondents have been asked to assign rankings for various purposes. To find out overall rankings in the order of preferences, Friedman Rank Test was adopted and the results are shown in Table

Table - 3. Friedman Rank Test for Purpose of Availing Loan

Purposes	Mean	Standard Deviation
To educate the children	3.80	**I**
To redeem other loans	3.74	**II**
To maintain household expenditure	3.72	**III**
To meet medical expenses	3.40	**IV**
To start business	3.39	**V**

Computed Data

Table 3 presents the Friedman Rank Test results identifying the primary purposes for which respondents avail institutional loans. The highest mean score (3.80) is for educating children, indicating that education is the top priority for loan usage among respondents. This is followed by redeeming other loans (mean = 3.74) and managing household expenses (mean = 3.72), suggesting that debt repayment and daily living costs are also major concerns. Medical expenses (mean = 3.40) and starting a business (mean = 3.39) rank lower, showing that while health and income-generating activities are important, they are not the immediate focus for most respondents. Overall, the data reflects a tendency to use loans primarily for essential and family-related needs rather than for entrepreneurial purposes.

ASSOCIATION BETWEEN PROFILE AND PROBLEMS FACED BY RESPONDENTS

Table 4 shows the association between respondents' profiles and the problems they face in accessing institutional credit. The results reveal that issues like difficulty attending meetings, high financial burden, group conflicts, loan delays, and low income are significantly influenced by respondent characteristics at the 1% level. However, lack of encouragement shows no significant association.

Table - 4. Association between respondents' profile and problems faced by respondents

Problems	t-Value / F-Value	Sig

Lack of encouragement	0.209 (t-value)	.834
Difficult to attend meetings regularly	4.618** (F-value)	.000
High financial burden due to loan	4.426** (F-value)	.000
Conflicts among the group members	4.572** (F-value)	.000
Delay in getting loan	7.931** (F-value)	.000
Low Income	4.985** (F-value)	.000

** **Significant at 1 % level**

The analysis explores the relationship between the socio-economic profile of SHG members and the various problems they face. Among the listed issues, the statistical results show that most problems have a significant association with respondents' profiles at the 1% level of significance, as indicated by the low p-values (Sig. = 0.000).

Specifically, problems such as difficulty in attending meetings regularly (F = 4.618), high financial burden due to loans (F = 4.426), conflicts among group members (F = 4.572), delay in getting loans (F = 7.931), and low income (F = 4.985) show a strong and significant association with variables in the respondents' profile, such as age, education, income level, family responsibilities, or occupation. This suggests that these personal and socio-economic factors influence the extent to which members experience such challenges in SHG participation and functioning.

However, the problem "lack of encouragement" (t = 0.209, Sig = 0.834) does not show a statistically significant relationship with respondents' profiles. This implies that this issue is experienced relatively uniformly across different demographic groups and is not dependent on individual background characteristics.

LEVEL OF SATISFACTION TOWARDS INSTITUTIONAL CREDIT

The data were collected from the SHG members regarding the level of satisfaction towards procedures followed by institutions providing finance to SHG.

Table - 5. LEVEL OF SATISFACTION TOWARDS INSTITUTIONAL CREDIT

Variables	Mean	Standard Deviation
Loan at door step	3.7	0.69
Less time for meetings	3.73	0.65
Interest rate	3.62	0.81
Minimal role in group	3.66	0.71

No books of accounts	3.37	1.01

Computed Data

The analysis of satisfaction levels towards institutional credit reveals that respondents are generally content with various service aspects, particularly the reduced time required for meetings (mean = 3.73) and the availability of loans at their doorstep (mean = 3.7), both showing low standard deviation, indicating consistent satisfaction across respondents. Moderate satisfaction is observed regarding interest rates (mean = 3.62) and the minimal role required in group activities (mean = 3.66), with slightly more variability in responses. However, the aspect with the lowest satisfaction is the absence of proper bookkeeping (mean = 3.37, SD = 1.01), suggesting that while some respondents may appreciate simplified processes, others view the lack of financial records as a concern, highlighting a potential area for institutional improvement.

CONCLUSION

The study provides a comprehensive examination of the impact of institutional credit on the socio-economic development of women through Self-Help Groups (SHGs) in Kanyakumari district. It reveals that institutional credit has played a pivotal role in improving the lives of women by enabling them to access financial resources, which are crucial for both their personal and economic empowerment. However, despite these positive outcomes, the research highlights several challenges faced by SHG members, including difficulties in attending meetings, group conflicts, delayed loan disbursements, and the financial burden of repaying loans. These challenges are often linked to the socio-economic profiles of the members, such as age, income, and education, underscoring the importance of addressing the specific needs of different demographic groups. The primary motivation for women to join SHGs is access to low-interest loans, followed by the desire to develop savings habits and achieve economic independence. The study also reveals that loans are primarily used for essential family needs, such as children's education, medical expenses, and household maintenance, rather than for entrepreneurial ventures, highlighting the focus on financial security over business ventures. Although respondents express general satisfaction with the availability of loans and the reduced time commitment for meetings, dissatisfaction with the absence of proper financial records points to an area for improvement in institutional processes. The findings suggest that while institutional credit contributes significantly to women's empowerment, the effectiveness of SHGs can be further enhanced by addressing operational inefficiencies, improving financial literacy, and ensuring better record-keeping practices. Therefore, for SHGs to achieve their full potential in empowering women, targeted interventions from both policymakers and financial institutions are essential to overcome existing barriers and create a more conducive environment for growth and self-reliance.

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