FINANCIAL INCLUSION AND WOMEN EMPOWERMENT: AN EMPIRICAL STUDY OF KUDUMBASHREE SHG'S IN SULTHAN BATHERY TALUK, WAYANAD DISTRICT

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Abstract

Purpose - In today's digital world, where technology is a game-changer, many innovations and policies related to finance have been implemented by the government and firms, among that financial inclusion policies not only enhanced the access to credit also it helped to bring empowerment among women through their Self-Help Group (SHG) mechanism like "Kudumbashree" in Kerala, since many studies have conducted across various districts of Kerala, there is limited studies have been conducted in Wayanad, addressing institutional and structural challenges as a specific motive.

Methodology/Design - The study is based on primary data collected from women Kudumbashree members in Sulthan Bathery Taluk using structured questionnaires in a tri-factor manner using the Likert scale model, which is analysed by applying descriptive and factor analysis tools.

Findings - Overall the findings reveals that most of the women members of Kudumbashree are from an ordinary background and also it is observed that while SHG initiatives have empowered in all levels specifically in financial and socio-economic levels some challenges related with institutional & policy barriers and gender inqualities exists that limts empowerment.

Originality/Value - The results support the hypothesis that institutional support systems contribute to enhancing empowerment; however, some challenges still exist regarding institutional policies, women's technological accessibility, and awareness. The findings provides policy insights for improving women's empowerment and effectively contributes to SDG 8 (Decent Work and Economic Growth) and SDG 16 (Peace, Justice and Strong Institutions).

Keywords: Women empowerment, Self Help Groups (SHGs), Kudumbashree, Financial inclusion, Institutional and structural challenges.

INTRODUCTION

In the recent era of modernisation, developing technologies, where digital banking and more inclusive financial policies are implemented to support equality among both men and women, the socio-economic conditions of women in many areas remain unchanged, especially among the rural women in Kerala. Previous research reveals that women's financial empowerment and independence are limited through schemes like Kudumbashree, where the Self-Help Group takes an important role. This inconsistency in technology-based growth resulted in long-term barriers due to unequal distribution of opportunities in women's development, which has been highlighted across empirical studies of the previous years (Thomas, 2020[1]; Chakraborty & Abraham, 2023)[2].

Several works pointed out the importance of the role of financial inclusion in transforming the lives of women through participation in SHGs. For instance, Thomas (2020)[3] and Chakraborty, Abraham (2023)[4] highlighted that financial literacy and microfinance have made an effective contribution towards women's decision-making power and mobility in Kerala. Similarly, Suresh, Rexy et.al (2024)[5] assessed that the Kudumbashree units have confirmed that structured has obtained financial resources to improve both economic stability and self-confidence among the members. These studies mutually suggested that financial inclusion is not only about access to credit but also about strengthening the group of women at the household and community levels.

Similar to financial inclusion, entrepreneurship has also been identified as one of the best cornerstones of empowerment. Praveena, Deepa Babu et.al (2024)[6] found that the Kudumbashree micro-enterprises had developed the women's entrepreneurial skills and income-generating capabilities, while Renjini (2024)[7] confirmed that microcredit-led enterprises have improved the financial independence. Beyond the generation of income and self-employment, like entrepreneurship, SHGs have played an important role in improving social empowerment, implementing leadership, and encouraging economic participation. Joseph and Mathew (2024)[8] observed that SHG members in Kottayam have experienced a higher level of independence and political involvement, while Sathya and Latha (2025)[9] have shown that participation in Kudumbashree has improved social capital in Kollam. Combining these studies highlights the multidimensional nature of empowerment through SHGs in Kerala.

In this current study, the objective is to combine and analyse the impact of financial inclusion through SHGs, particularly Kudumbashree, on women's empowerment in Sulthan Bathery Taluk in Wayanad district of Kerala. By examining financial literacy, microfinance participation, entrepreneurship, and socio-economic empowerment, the study aims to identify various gaps across the previous studies. The analysis highlights that even if SHGs have become an effective strategy in improving access to credit, entrepreneurial skills, and decision-making, persistent challenges remain due to technological barriers, structural inequalities, and limited portability that hold back women from developing on the basis of technology. Thus, this study positions itself as a timely contribution towards policy discourse by pointing out empirical findings and suggesting ideas or necessary policy improvements for more inclusive women-centric development strategies for the Sulthan Bathery Taluk of Wayanad district of Kerala, where the study effectively aligns with SDG 8 (Decent Work and Economic Growth) and SDG 16 (Peace, Justice and Strong Institutions).

REVIEW OF LITERATURE

The impact of Self-Help Groups (SHGs) and Kudumbashree on women's empowerment and financial inclusion has been widely examined by scholars across Kerala, with most studies confirming their crucial role in improving economic and social well-being. Thomas, Asha (2020)[10] reported that Kudumbashree members are well aware of banking services, connecting financial literacy as an empowerment. While George, Thommachan in (2018)[12], and continuation of their study in (2021)[13] observed that SHGs developed a social and economic independence among women through their active participation and conduct of initiatives. Building on this, Amutha, Hemalatha (2022)[14], Manoj, Anju (2022)[15], and Reshmi, Babu (2023)[16] revealed that SHG participation improved socio-economic status, which reduced poverty through raising income levels, and encouraged women to take leadership roles. Joseph, Mathew (2024)[17], Sathya, Latha (2025)[18], and Karikkan, Shahana (2025)[19], came with similar findings, which pointed out that SHGs have an important role in promoting self-dependence, improved confidence, and household stability, which paves the way to rural economic development. Renjini (2024)[20] and Vishnu, Anil (2024)[21] observed the influential role of microfinance and internal lending system within members in enhancing bargaining power, social status, and collective harmony, while Suresh et al. (2024)[22] broadened this perspective by comparing Kerala and Bangladesh, demonstrating the empowerment capability of financial inclusion. Parallelly, Praveena, Deepa (2021)[23], Praveena et al. (2024)[24], and Pandala et al. (2023)[25] pointed out that Kudumbashree units encouraged entrepreneurship or self-employment that supported sustainability practices, bringing self-sufficiency, independence, and also promoted women’s stability at the socio-economic level. Complementing this, Manju and Sreelatha (2024)[26] found that there is still a deficiency of financial literacy, which indicates the need for capacity building through training. Further, Chakraborty, Abraham (2023)[27] and Radhakrishnan, Devi (2023)[28] emphasized that the SHG participation has improved savings, budget planning, accessibility to credit, and reduced women's dependence on private lenders other than govt. and bank, and similarly Sindhu, Nirmala (2023)[29] in their article revealed that women's active participation in Kudumbashree and its financial inclusion policies has strengthened their financial self-reliance and leadership ability positively. Finally, Arjun, Subramanian (2025)[30] proposed that while SHGs were effective in strengthening empowerment, their sustainability required institutional and policy-level support. Overall, the literature suggests that Kudumbashree has significantly impacted financial inclusion, entrepreneurship, socio-economic empowerment, and sustainability. However, despite these advancements, challenges such as the need to boost financial literacy, structural barriers, and a lack of institutional support remain. These findings mark the necessity for a more detailed study that connects these diverse dimensions within an integrated framework, especially in underexplored regions like the Wayanad district.

STATEMENT OF THE PROBLEM

In the previous studies, financial inclusion and the role of SHGs in women’s empowerment have been widely considered. In the same manner, some of the studies have called attention to the wide after-effects of Kudumbashree initiatives. Renjini (2024)[31] observed that SHG-based microcredit has developed women’s financial independence, while Karikkan and Shahana (2025)[32] recognized that these initiatives have upgraded the standard of living by providing security among the women in rural areas of Malappuram district. Amutha and Hemalatha (2022)[33] disclosed that there are significant changes in the socio-economic conditions of women in Kasargode district, while all these studies support the positive impact of “Kudumbashree” over women there are also differences in the after effects across districts & circumstances when compared and there are some salient issues regarding financial inclusion, social empowerment, entrepreneurship and sustainability and other structural challenges that still discourage the empowerment of women that still not addressed or less explored which can be applied to rural areas of Wayanad district where only limited studies have been conducted & socio-economic backwardness, geographical limitations and tribal concentrations present unique challenges for women’s empowerment through SHGs. Hence, it might be the time to address these issues through an evidence-based study on the impact of inclusive finance of Kerala’s SHGs in strengthening women in Sulthan Bathery Taluk of Wayanad district.

OBJECTIVES OF THE STUDY

- To identify the demographic profile of the women respondents of Sulthan Bathery Taluk in Wayanad district of Kerala
- To analyse the role of financial inclusion through SHGs in improving socio-economic empowerment of women associated with the rural area of Sulthan Bathery Taluk of Wayanad district, Kerala.
- To evaluate the institutional and structural challenges to women's empowerment.

HYPOTHESIS

Considering the above presented objectives, the following tentative statements are proposed.

H1: Demographic factors of women respondents have a positive effect on their empowerment.

H2: Wayanad's SHG initiatives have a positive effect on socio-economic empowerment.

H3: Institutional and structural challenges have a positive effect on discouraging women's empowerment in Wayanad district.

METHODOLOGY

The research adopts a positivistic approach and uses a quantitative survey design. The population chosen for study consisted of rural Kudumbashree members of Sulthan Bathery Taluk of Wayanad district in Kerala. The primary data is collected from the 80 members of the Kudumbashree units in Sulthan Bathery Taluk using the convenience sampling technique.

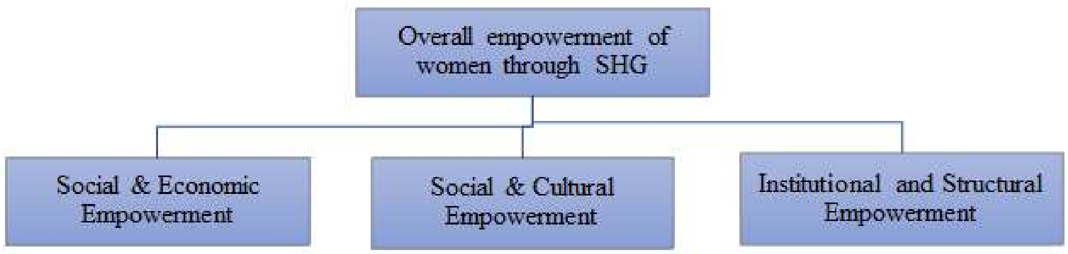

Figure 1: Conceptual-based research model

Source(s): Primary data

RESULTS AND DISCUSSIONS

1. Demographic Profile Results

The demographic profile of the respondents reveals that the majority i.e; 35% of the members of Kudumbashree belongs to the age group 31-40 years and 25% of the members had completed higher secondary education as a largest proportion and 30% of them are homemakers. Overall the demographic profile of Kudumbashree members of Sulthan Bathery Taluk of Wayanad district shows that the large proportion of women are capable to make an active participation Kudumbashree activities.

2. FINANCIAL AND SOCIO-CULTURAL EMPOWERMENT FACTOR RESULTS

Table 4. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.517
Bartlett's Test of Sphericity	Approx. Chi-Square	291.061
	df	190
	Sig.	.000

Source(s): Primary data

INTERPRETATION

The Kaiser-Mayer-Olkin (KMO) measure was calculated to assess the sampling adequacy for factor analysis and the above result reveals that the level of sampling adequacy is marginally adequate with .517 and the values are highly significant at 5% level of significant. Similarly, the chi-square value secured the significance value of 291.061 with 190 degrees of freedom revealing that the study is suitbale for factor analysis.

RESULT OF COMMUNALITIES

The communalities obtained from the Principal Component Analysis reveals that most of the variables related to women's financial and social empowerment through SHGs shows a large proportion of variance with the extracted components. Items such as cultural limitations on women's leadership, improvements in social recognition and respect for financial contribution within the family shows highest values, suggesting that these aspects are strongly explained by the underlying factors identified in the analysis. Similarly, improved confidence for outside interaction, regular saving habits, control over income, and reduced dependence on informal moneylenders also showed good communalities, reinforcing the role of SHG participation on creating financial autonomy and decision-making power. Some statements indicates an average variance explanation, specifically those connected with wide awareness on health, nutrition, and education, indicating that even though SHGs contribute positively, these improvements may rely on further external factors. Overall, the communalities reveals that the selected variables are worthy for factor analysis.

Table 6. Rotated Component Matrix

S.No	Question	Value	Factor Label
1.	I am able to contribute financially to my household income FSC1	.745	Financial Independence & Empowerment
	My SHG has helped me reduce dependence on informal moneylenders. FSC11	.744	
	I have control over my personal income and spending. FSC3	.580	
	My family members respect my financial contribution. FSC15	.529	
2	SHGs have helped me form supportive networks with other women. FSC17	.774	Social Support & Decision-Making Empowerment
	I am able to influence decisions regarding children's education, marriage, or healthcare. FSC10	.745	
	I have access to credit/loans through SHGs when needed. FSC2	.563	
3	I feel more confident in interacting with people outside my family. FSC8	.753	Self-Confidence & Expression
	I am free to express my opinions without fear. FSC7	.694	
4	My participation in SHGs has improved my social recognition. FSC9	.743	Social Recognition & Financial Discipline
	I am able to save money regularly. FSC4	.740	
5	I am treated with respect in my family and community. FSC6	.708	Respect & Dignity
6	Cultural norms sometimes prevent women from taking leadership roles. FSC16	.797	Cultural Constraints & Independence
	SHG activities have reduced my dependence on male family members. FSC19	-.588	
7	I have been able to invest in productive assets (livestock, machinery, shop, etc.) through SHG loans. FSC13	.724	Asset Creation & Financial Security
	I feel secure about the financial future of my family due to SHG activities. FSC12	-.532	

Source(s): Primary data

INTERPRETATION

The rotated component matrix obtained seven major factors that contribute to women's empowerment through SHGs (Kudumbashree): Financial Independence & Empowerment, Social Support & Decision-Making, Self-Confidence & Expression, Social Recognition & Financial Discipline, Respect & Dignity, Cultural Constraints & Independence, and Asset Creation & Financial Security. The factor loadings range between 0.529 and 0.797, which are above the minimum acceptable level (≥0.50). This indicates that the extracted items strongly represent their respective factors and contribute significantly to women's empowerment. Overall, the above factor analysis results reveal that the SHG initiatives (Kudumbashree) of Sulthan Bathery Taluk of Wayanad district have a positive effect on Financial and Socio-cultural Empowerment (F2) on women.

INSTITUTIONAL AND STRUCTURALCHALLENGES RESULT

Table 7. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		**.555**
Bartlett's Test of Sphericity	**Approx. Chi-Square**	**252.533**
	df	**190**
	Sig.	**.002**

Source(s): Primary data

INTERPRETATION

The Kaiser-Mayer-Olkin (KMO) measure was calculated to assess the sampling adequacy for factor analysis, and the above result reveals that the level of sampling adequacy is marginally adequate with .555, and the values (.002) are highly significant at 5% level of significance. Similarly, the chi-square value secured the significance value of 252.533 with 190 degrees of freedom, revealing that the study is suitable for factor analysis.

Result of Communalities

The communalities generated through Principal Component Analysis clearly reveals that the variables chosen to analyse institutional support and challenges faced by women through SHGs are strongly represented by the extracted components. Factors such as related to leadership opportunities, equal consideration of women's voices in decision making, encouragement from local governance, digital barriers and influence of household responsibilities shows higher extraction values, indicating that these factors are strongly reflected by the internal dimensions of empowerment. The result also highlight that mobility restrictions, social and cultural norms and gender discrimination takes a role that continue to shape empowerment outcomes and shows a considerable contribution of variance. Variables such as experiences with administrative barriers and awareness of government schemes indicates a medium level of communalities, suggesting that while institutional mechanisms support women, procedural challenges and accessibility remain unequal. Overall, the communalities confirm that the chosen dimensions are appropriate for factor analysis.

Table 9. Rotated Component Matrix

S.No	Questions	Values	Facotr Label
1.	The policies and rules governing SHGs are flexible enough to address women's practical needs. ISC13	.722	Institutional & Policy Barriers
	Social norms sometimes restrict women from attending SHG meetings. ISC14	.719	
	Financial institutions are not always supportive of women. ISC10	.716	
2.	Cultural norms sometimes prevent women from taking leadership roles. ISC8	.774	Socio-Cultural & Structural Barriers

	Limited mobility (travel restrictions, safety concerns) affects my empowerment. ISC11	.745	
	Lack of childcare facilities is a barrier to women's participation in empowerment activities. ISC19	.563	
3.	Lack of access to technology limits my digital empowerment due to unequal treatment. ISC6	.825	Access & Participation barriers
	Women's voices are adequately considered in the planning and implementation of SHG/ Kudumbashree projects. ISC12	.762	
4.	Women have equal opportunities to participate in Panchayat and local governance. ISC17	-.722	Institutional Barriers
	Training and capacity-building programs are accessible and developed me. ISC4	.670	
	I can access institutional support (banks, government offices, NGOs) when required. ISC2	.559	
5.	Kudumbashree/SHG participation has given me leadership opportunities. ISC3	.681	Leadership & Bureaucratic Barriers
	Official or administrative procedures (paperwork, approvals) discourage women's participation in schemes. ISC16	.674	
6.	I am aware of government schemes available for women. ISC1	.712	Awareness & Digital Literacy
	Limited digital literacy prevents women from using technology for SHG/business purposes. ISC20	.615	
7.	Household responsibilities reduce my participation in income-generating activities. ISC9	.848	Responsibility Barriers
8.	Gender discrimination still affects women's opportunities. ISC7	.753	Gender Discrimination Barriers
	Local governance bodies (Panchayat, Kudumbashree units, etc.) encourage women's participation. ISC5	.707	

Source(s): Primary data

INTERPRETATION

The rotated component matrix obtained eight major factors that represent institutional and structural challenges faced by women in SHGs (Kudumbashree): Institutional & Policy Barriers, Socio-Cultural & Structural Barriers, Access to Technology & Participation, Institutional Support & Governance, Leadership & Bureaucratic Barriers, Awareness & Digital Literacy, Household Responsibility Barrier, and Gender Discrimination & Governance Support. The factor loadings range between 0.559 and 0.848, which are above the minimum acceptable level (≥0.50). This reveals that the identified items strongly represent their respective factors and significantly act as barriers to women's empowerment. Overall, the above results reveal that institutional support systems do have a positive effect on women's empowerment, but their impact is limited by persisting structural barriers.

DISCUSSION OF FINDINGS

The study disclosed that most of the women participating in Kudumbashree / SHG initiatives in Wayanad district are homemakers and farmers having a higher secondary education, which reveals that most of the Kudumbashree members are rural women who balance their household responsibilities along with active participation in Kudumbashree activities or community-based SHG activities. However, the results of the form factor analysis revealed that even though the Institutional support system related to SHGs encouraged women empowerment in Sulthan Bathery Taluk of Wayanad District, there are some factors, such as Institutional and policy barriers, Digital awareness barriers, Technological accessibility barriers, Gender discrimination, Leadership empowerment barriers still discourages the empowerment of rural women in Sulthan Bathery Taluk of Wayanad District.

SUGGESTIONS FOR FUTURE RESEARCH

A comparative study is recommended with other Taluk's of Wayanad District such as Vythiri and Mananthavadi Taluks beyond Sulthan Bathery Taluk to identify the relevance and existence of empowerment barriers in a deep manner, a longitudinal studies within Sulthan Bathery would help to assess how sustained participation in SHGs shapes financial independence, leadership skills and social recognition over time and a theme based studies are also recommended to address the specific issues such as digital literacy, mobility restrictions, or household responsibilities barriers and impact of training and capacity building programs for women in rural Wayanad for more recommendations regarding women empowerment.

CONCLUSION

The study concludes that Kerala's SHG initiative, named Kudumbashree, has served as a meaningful opportunity for rural women of Sulthan Bathery Taluk, specifically the ordinary women who are homemakers and farmers, to engage actively in community development along with their household activity management. Although institutional support systems within SHGs have a positive impact on women's empowerment, several barriers such as institutional and policy barriers, lack of digital awareness, restricted access to technology, gender discrimination and leadership implication challenges continue to distract women's full participation. The reflected findings suggest that empowerment through SHGs in Sulthan Bathery is a step-by-step process that includes both empowering benefits and long-term obstacles. Addressing these barriers requires targeted policy interventions such as improving digital literacy through proper training, enhancing institutional flexibility, and capacity-building programs. Overall, the findings provide deeper insights to policy makers and local governance institutions which points out the need for strengthening institutional accessibility, digital literacy, and skill development initiatives for women within Kudumbashree to effectively enhance women's empowerment outcomes and contributing to SDG 8 (Decent Work and Economic Growth) and SDG 16 (Peace, Justice and Strong Institutions). Finally, coming to future research, it is recommended to expand the studies to other taluks of Wayanad district, adopt long-term approaches, and conduct thematic research based on specific empowerment barriers.

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