

Economic Empowering Women Through Financial Inclusion: A Study Conducted MGNREGA And SHG Programme, Tamilnadu

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Abstract

The purpose of the study is to know the economic empowerment of women through financial inclusion in access, usage, and quality. Quantitative data was collected from 400 samples of women beneficiaries under MGNREGA and SHG Programmes. The research design is exploratory and a two-stage random sampling technique is used to collect data from four districts in Tamilnadu. Tools used to analyse descriptive statistics, confirmatory factor analysis, and structural equation model through SPSS 23, AMOS 29 version. The findings of the study moderate relationship between financial inclusion and women's economic empowerment, quality highly influenced financial inclusion. The study recommends improving knowledge and awareness of access and usage of financial products/ services to the women through programme.

Key Words: Financial inclusion, Women economic empowerment.

JEL Code: G51, J16, G53.

Introduction

Sarma and Pais (2008) Financial inclusion may be defined as a procedure that guarantees all members of society have easy access to and usage of the formal financial system. World Bank (2017,2018,2022) The ability to use formal financial services is represented by their accessibility to them. More access does not, however, always translate into more financial inclusion. Since a marginal increase does not always result in a rise in financial inclusion by our definition, we think there is a threshold for access once it reaches a particular level. A system is not always inclusive just because there are many points of entry or high levels of use of formal financial services. Other socioeconomic variables, such as GDP per capita, human capital, legal framework, cultural norms, or development status, might influence how people utilise formal financial services. These factors can cause people to use these services in a specific way. We look at the usefulness of these services in three distinct ways to determine how much each uses formal financial services: owning at least one financial instrument, maintaining savings, and getting a loan from a formal financial institution. Barajas (2012) The relationship between systemic economic development and financial inclusion is not necessarily linear. In this sense, more research has confirmed the negative impacts of the connection than the positive ones.

Review of Literature

Pitt et al. (2006)highlighted how women's involvement in microcredit programs contributes to increased economic empowerment. Sarker (2006) Women empowerment is the involvement in the workforce, leadership roles in social and psychological problems, and access to credit. Goland et al., (2010) To achieve comprehensive financial inclusion, all families must have access to a wide range of contemporary financial services, such as credit, insurance, savings, and payments, as well as enough assistance and education to enable them to make informed decisions.

Siddik (2017) suggested that women's economic empowerment is crucial for both their individual and collective growth. Through financial inclusion, individuals can gain financial empowerment and more effective control over their purchasing patterns. reduce the dangers. Mindra and Moya (2017) quality of financial goods and services, tool was used to test financial literacy. Camara and Tuesta (2017) study highlights the idea that measuring financial inclusion narrowly by concentrating solely on consumption and access results in an incomplete picture of the inclusivity of a financial system. Ghosh and Vinod Examine the cause of the barrier that prevents women from gaining access to financial inclusion by examining the potential influence of gender on financial inclusion and any factors that may affect this relationship. El-Zoghbi, (2018) Financial products serve as a haven for value preservation and a means of preventing and minimizing financial risks under regulatory supervision.

Lyons and Kass-Hanna (2019) revealed that respondents' likelihood of making online payments was much higher in locations with high-income economies. Additionally, they were predicted to use their phones for financial transactions more frequently than those in low-income nations, where the majority of the population lacks formal education. Balasubramanian (2019) shown that women are more likely to obtain bank loans when they are supported by other family members and fall into the upper-income quartile. Thomas Asha E. (2020) clarifies the relation between Financial Literacy and Financial Inclusion among marginalized communities. Pradhan et al., (2021)A rural population's socioeconomic

growth may be greatly aided by having access to financial goods and services designed specifically for the rural poor, which eventually results in a poverty reduction.

Ndouna & Zogning (2022), investigates how different financial products' accessibility affects the reduction of income gaps between men and women who work in Cameroon's informal sector. They show that men are more financially included than women when it comes to credit accessibility. Pandey et al (2022) It is essential for eradicating poverty, transforming society, empowering women, and fostering equitable economic growth. Kazemikhasragh & Buoni (2022) empower women economically by assisting them in increasing their income and resources, consuming in moderation, and making wise financial decisions. Batala (2022) Having access to official banking services is essential to encouraging financial inclusion and giving people the tools they need to handle their money well. Ghosh (2022) Women's financial empowerment may lead to a more equitable and supportive society where women hold more positions of authority and can contribute to financial progress. Financial inclusion is known as the ability to access and utilise reasonably priced, effective, and efficient financial systems or goods.

Sadiq (2023) the relationship between women's economic empowerment and financial inclusion, findings indicated that financial inclusion has a considerable and favourable impact on women's economic empowerment. Furthermore, a noteworthy attribute of financial literacy concerning women's economic empowerment has been noted. Sohrab (2024) asserts that when financial organisations give priority to the growth of agent banking, women's power is strengthened via financial inclusion. Even though increasing access to financial services is important, if institutions decide to use agent banking practices, more has to be done to empower women.

Sampling Techniques

Exploratory research quality and insightful information study, focused on women in Tamilnadu. Two-stage random sampling technique, the first stage selected 4 districts based on random sampling techniques, second stage each district two villages chosen randomly, with each village 25 samples for each programme, MGNREGA Programme 50 samples and SHG 50 samples for each district 100 samples. Hence 400 samples were collected. Primary data was collected from women using a structured questionnaire. Statistical tools are used to analyse the data. SPSS version 23 was used to analyse the reliability of the data, and AMOS version 29 was used to analyse confirmatory factor analysis and structural equation model.

Result and Discussion:

Table 1 represents the demographic characteristics of respondents. The result indicated that four districts of Chengalpattu-100, Kanniyakumari-100, Tiruppur-100, and Ramanathapuram-100, 4 districts collected 400 questionnaires. Income below Rs.5000 had 149 respondents, Rs.5001-7000 had 66 respondents, Rs.7001-8000 had 70 respondents, Rs.8001-10000 had 47 respondents, Rs.10,001 and above had 68 respondents. The programme of MGNREGA 200 respondents and SHG 200 respondents.

Table 1. Descriptive Statistics

	Frequency	Percentage	Cumulative
Districts			
Chengalpattu	100	25	25
Kanniyakumari	100	25	50
Tiruppur	100	25	75
Ramanathapuram	100	25	100
Income			
Below Rs.5000	149	37.3	37.3
Rs.5001 – Rs.7000	66	16.5	53.8
Rs.7001 – Rs. 8,000	70	17.5	71.3
Rs.8001 – Rs.10,000	47	11.8	83
Rs. 10,001 and above	68	17.0	100
Programme			
MGNREGA	200	50	50
SHG	200	50	100

Validity and Reliability

Table 2 & Figure.1 Construct the validity and reliability test using Confirmatory factor analysis, the result suggests that the factor loading for endogenous variable 10 and exogenous variable 15 all the factors loading are above 0.7, and most of the factors are 0.9 excellent.

The reliability of the variables was checked through Cronbach's alpha Access 0.965, Usage 0.960, Quality 0.947, Financial inclusion 0.961, and economic empowerment 0.884 all the values are above 0.8 (Griethuijsen et al., 2014) which is satisfied. The composite reliability results got 0.95 and above, (Hair et al. 2009, p. 619) suggest 0.7 or higher means good reliability. The AVE value is greater than 0.7 for all the variables

Table 2. Validity and Reliability

Factor	Item	Standard loading	Cronbach Alpha	C.R	AVE
Access	ACC1	.93	.965	.957	.816
	ACC2	.90			
	ACC3	.88			
	ACC4	.92			
	ACC5	.88			
Usage	US1	.75	.960	.938	.754
	US2	.94			
	US3	.71			
	US4	.96			
	US5	.96			
Quality	QA1	.93	.947	.959	.822
	QA2	.95			
	QA3	.90			
	QA4	.86			
	QA5	.89			
Financial Inclusion	FI1	.96	.961	.966	.851
	FI2	.93			
	FI3	.78			
	FI4	.97			
	FI5	.95			
Economic Empowerment	WE1	.93	.884	.961	.831
	WE2	.88			
	WE3	.94			
	WE4	.95			
	WE5	.85			

Table 3. Correlation Matrix

Variables	Access	Usage	Quality	Financial Inclusion	Women Economic Empowerment
Access	0.903				
Usage	-0.017	0.868			
Quality	0.044	-0.040	0.907		
Financial Inclusion	0.191	-0.028	0.426	0.923	
Women Economic Empowerment	0.176	0.050	0.368	0.853	0.912

Table 3 explains the correlation value strong positive correlations indicate that Access, Usage, and Quality are closely related. Financial Inclusion is also closely tied to Women's Economic Empowerment. Greater financial inclusion is strongly associated with increased women's economic empowerment.

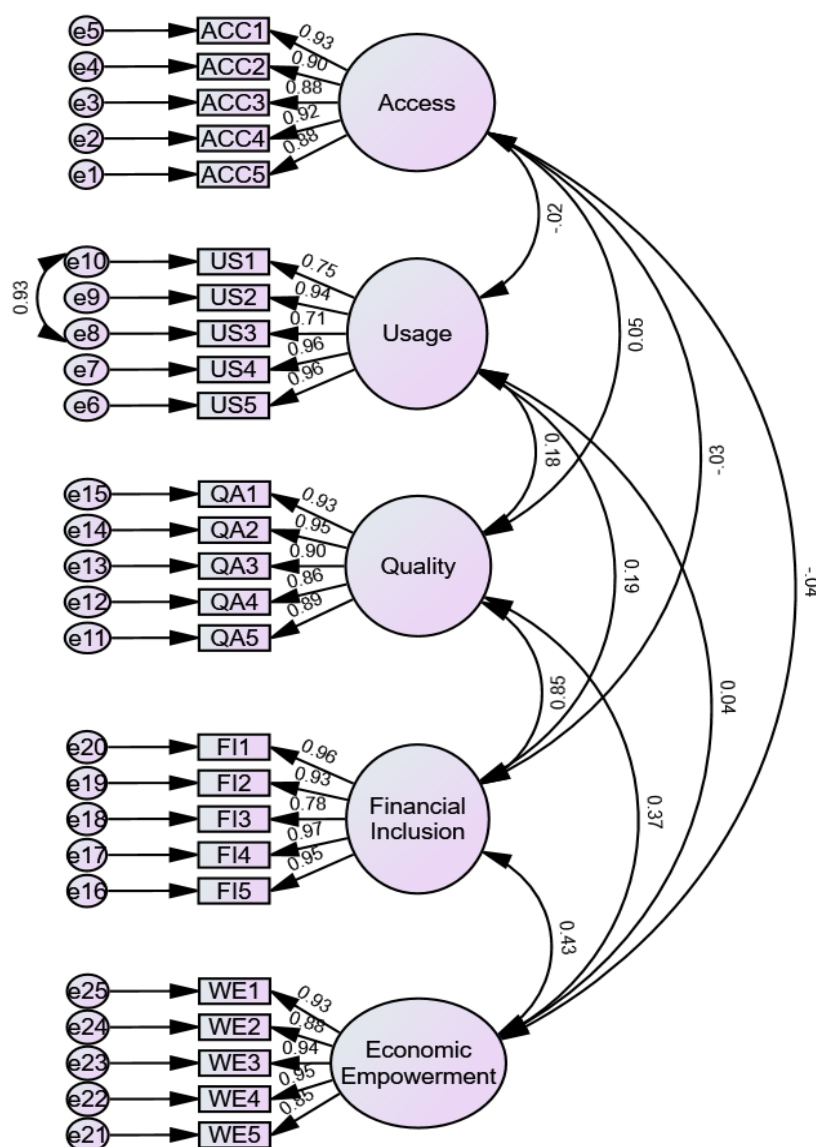


Figure 1. Confirmatory Factor Analysis

Table 4. Model Fit Measurement Model

	Estimate Value	Recommended Value	References
CMIN/DF	2.762	<5	Hair et al (2010), Hooper et al., (2008)
GFI	0.856	>0.8	
AGFI	0.823	>0.8	
CFI	0.965	>0.9	
RMSEA	0.066	<.08	

Structural Equation Model

The confirmatory factor analysis suggested the adequacy of measurement model. Therefore, SEM was used to identify the relationship between the variables of access, usage, quality, financial inclusion, and women economic empowerment. Figure 2 illustrates the path model of the study variables.

Hypothesis

- H1: Access has a positive influence on Financial Inclusion.
- H2: Usage has a positive influence on Financial Inclusion.
- H3: Quality has a positive influence on Financial Inclusion.
- H4: Financial Inclusion has a positive influence on Economic empowerment of women.

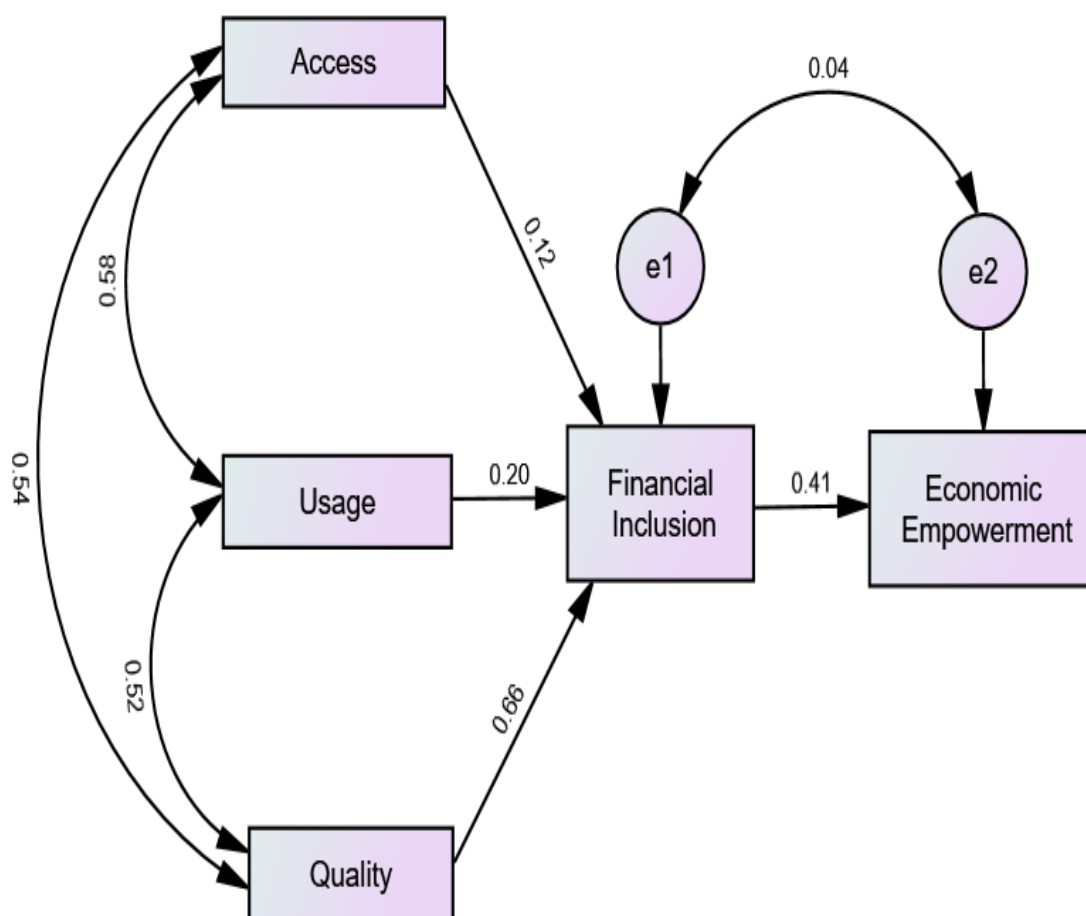


Figure 2. Structural Equation Model

Table 5. Parameter Estimates and Hypothesis Testing

Description of the Paths			Unstandardized	Standardized	S.E	C.R	p-value
Financial Inclusion	<---	Access	.122	.119	.034	3.561	***
Financial Inclusion	<---	Usage	.200	.199	.033	6.022	***
Financial Inclusion	<---	Quality	.661	.659	.032	20.558	***
Women Economic Empowerment	<---	Financial Inclusion	.397	.411	.051	7.758	***

Access has a positive impact on financial inclusion. This association has the highest probability estimate of 0.122, a standard error of .034 and a critical ratio of 3.561. The significance of the p-value is determined. Thus, hypothesis H1 is agreed upon. It demonstrates that a gain of 0.122 levels in financial inclusion was the outcome of every unit increase in access. 0.119 is the standardised estimate. It is calculated that 11.9% of financial inclusion is influenced by access.

Usage has a positive impact on financial inclusion. This association has a highest probability estimate of 0.200, a standard error of .033, and a critical ratio of 6.022. The significance of the p-value is determined. Thus, hypothesis H2 is agreed upon. It demonstrates that a gain of 0.200 levels in financial inclusion is the outcome of every unit increase in consumption. 0.199 is the standardized estimate. Usage is assumed to have an impact on 19.9% of financial inclusion.

Quality has a positive impact on financial inclusion. This association has a highest probability estimate of 0.661, a standard error of .032, and a critical ratio of 20.558. The significance of the p-value is determined. Hypothesis H3 is therefore accepted. It demonstrates that a gain of 0.661 levels in financial inclusion is the outcome of every unit improvement in quality. 0.659 is the standardised estimate. It is concluded that 65.9% of financial inclusion is influenced by quality.

Financial inclusion Positively influences the economic empowerment of women. This association has a highest probability estimate of 0.397, a standard error of .051, and a critical ratio of 7.758. The significance of the p-value is determined. Thus,

hypothesis H4 is agreed upon. It demonstrates that an increase of one unit in financial inclusion corresponds to a gain in economic empowerment of 0.397 levels. 0.397 is the standardised estimate. Financial inclusion is assumed to have an impact on 39.7% of economic empowerment.

Fit Indices for Structural Model

	Value	Recommended Value	References
CMIN/DF	2.656	<5	Hair et al (2010), Hooper et al (2008)
GFI	0.955	>0.8	
AGFI	0.961	>0.85	
CFI	0.996	>0.9	
RMSEA	0.064	<.08	
SRMR	0.0212	<.08	

The fit indicators of the structural equation model linking women's economic empowerment with financial inclusion. The model seems to have an outstanding fit, as evidenced by the CMIN/DF value of 2.656, GFI of 0.955, AGFI of 0.961, CFI of 0.996, RMSEA of 0.064, and SRMR of 0.0212.

Conclusion

A crucial component of women's economic empowerment through the programs is financial inclusion. Women who have better knowledge of access, usage, and quality of financial inclusion. The need for financial inclusion to increase the level of economic growth of women. The results of the research can help the government make better policy choices, increase FI, and spur economic growth. Additionally, this will support the best possible use of limited resources to improve FI. In this study three variables access, usage and quality influenced financial inclusion, quality highly influenced financial inclusion, then financial inclusion moderately influenced women's economic empowerment. The study recommends improving financial knowledge and awareness of access and usage of financial products/ services to the women through the programme. The government initiates to conduct campaigns on how to use the financial inclusion products.

Future Research Scope

Future studies will take on different districts and states in India. The upcoming survey will do different women empowering developmental programmes at the state and central level, take more samples, concentrate on rural women, and the importance of financial literacy through financial inclusion.

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