

# Exploring Financial Literacy and Investment Practices of Self-Help Group Participants in Mysuru District

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**Abstract:** In the current socio-economic context, enhancing financial literacy and investment awareness among rural women is essential for achieving inclusive growth and sustainable development. This study aims to analyze the financial literacy levels and investment patterns among Self-Help Group (SHG) members in Mysuru District, Karnataka. The research focuses on how SHGs influence financial behavior, empowerment, and preparedness among their members. A descriptive research method was adopted using primary data collected through a structured questionnaire based on a 5-point Likert scale. The sample consisted of 200 SHG members from four taluks: Hunsur, Mysuru-Rural, Nanjangud, and K.R. Nagara. Descriptive statistics and ANOVA were used to examine variations in financial awareness and investment behavior across different demographic groups. The results revealed that although many members have a fair understanding of basic financial concepts, limited income and education levels hinder effective investment planning. The study also found that SHG participation significantly contributes to financial inclusion, especially through access to microcredit and financial training programs. Significant differences were observed in financial preparedness and investment awareness across income and education levels. The findings underscore the need for focused financial education and digital literacy initiatives.

**Keywords:** Self-Help Groups, Financial Literacy, Investment Patterns, Women Empowerment, ANOVA.

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## I. INTRODUCTION

Self Help group (SHG) is an association of 10-20 persons from the same community who come together for a specific economic or social benefit. Self help group organizations are typically established to offer financial support to one another in order to encourage and assist each other in the community. It is not necessary to register or submit paperwork in order to start a SHG Organization.

### ➤ Conceptual Background

The history of SHGs can be broadly studied in two phases:

- Phase 1(1987-1992):In this phase, NABARD was the main agency for helping out SHGs. NABARD undertook measures to assist MYRADA through a grant of INR 1 million in 1987. It then helped other NGOs involved in

promoting SHGs. In 1992, the RBI accepted the SHG model as an alternative credit option

- Phase 2(1992-present): In this second phase, the linkage of SHGs and banks was done, with the unstinting support of RBI as well as IFAD. By March 2005, credit had been extended to about 1,628,456 SHGs with a cumulative membership of about 24 million families.

## II. REVIEW OF LITERATURE

Several studies have emphasized the transformative role of Self-Help Groups (SHGs) in empowering rural women socially, psychologically, and economically. Das (2016) identified key constraints faced by SHG members such as family criticism, lack of training, and limited loan support, concluding that social and psychological empowerment was more significant than economic gains. Nagaveni (2019) highlighted the need for educational and

training interventions and recommended cooperative societies and awareness camps to enhance SHG efficiency. Similarly, Kaur and Singh (2020) emphasized that SHGs not only empower women individually but also improve family and community well-being, reinforcing their role in broader development contexts.

Economic empowerment and microcredit access emerged as central themes in various studies. Nikhitha and Prabhakar (2022) observed that SHGs have improved income, savings, and access to essential services, while Kappa (2014) found that SHGs instilled financial self-reliance and boosted confidence in young women in Andhra Pradesh. Kumar (2023) analyzed SHG participation drivers, identifying leadership and training as key enabling factors. Emotional and financial empowerment were also addressed by Dharmendra Kumar, who noted women's resilience during the COVID-19 crisis. Maheshwari and Goyal (2014) confirmed that SHGs helped many rise above poverty by offering income-generating opportunities through microfinance support.

In-depth reviews also explored structural challenges and regional disparities in SHG success. Alva and Dsa (2023) pointed to obstacles like poor financial management, skill gaps, and limited outreach, while advocating for motivational incentives and expanded support from institutions like the RBI. Trust emerged as a foundational element in SHG development, as highlighted by Sabhlok (2011). Studies from West Bengal (Maiti et al., 2012) and Puducherry (Rathinam & Victor, 2014) revealed uneven progress, with the former noting a lag compared to southern states, and the latter showcasing dairy-based SHGs as an economic lifeline for marginalized women. Das et al. (2012) underscored the role of non-formal education within SHGs as a catalyst for women's collective empowerment and sustained community engagement.

### ➤ *Problem Statement*

Despite the growing role of Self-Help Groups (SHGs) in enhancing women's socio-economic conditions, the financial literacy levels and investment behavior among SHG members remain inconsistent and underexplored. Many studies emphasize empowerment through microfinance and group activities, but limited attention is given to how financial knowledge influences members' savings and investment decisions. Understanding this gap is crucial for designing effective financial education and investment support programs tailored for SHG members.

### ➤ *Objectives of the Study*

The study is aimed to fulfil following objectives:

- To examine the investment trends and patterns among women members of SHGs.
- To examine the challenges faced by women members of SHGs in understanding and managing their personal finances.

## III. RESEARCH METHODOLOGY

### ➤ *Research Method*

This study adopts a descriptive research design to examine the level of financial literacy and patterns of investment among Self-Help Group (SHG) members in Mysuru District. The approach is suitable for gathering quantifiable information regarding the demographic and financial behavior of the participants.

### ➤ *Sample Area*

The research is confined to Mysuru District, covering the following four Taluks. The respondent Selection Criteria as below

The following criteria were used to identify valid respondents:

Table 1 Respondent Selection Criteria

| Taluk       | Number of Respondents | Selection Criteria                                                   |
|-------------|-----------------------|----------------------------------------------------------------------|
| Hunsur      | 50                    | Active SHG members with at least one year of membership              |
| Mysore      | 50                    | SHG members involved in savings and credit activities                |
| Nanjangud   | 50                    | Members with basic involvement in SHG-led income-generating programs |
| K.R. Nagara | 50                    | Women SHG members engaged in collective investment or enterprise     |

### ➤ *Data Sources*

- *Primary Data:* Collected using a structured questionnaire with close-ended questions rated on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). The questionnaire covers domains such as awareness of financial products, savings habits, investment preferences, and risk perception.
- *Secondary Data:* Sourced from government reports (e.g., NABARD, Ministry of Rural Development), SHG audit reports, scholarly articles, financial literacy surveys, and district-level SHG progress reports. These sources help validate and compare the findings with broader trends.

### ➤ *Tools of Analysis*

- *Descriptive Statistics:* Used to summarize data on financial knowledge, investment behavior, and demographic profile.
- *ANOVA (Analysis of Variance):* To identify significant differences in financial literacy and investment patterns across taluks.

### ➤ *Hypothesis of the Study*

Based on the objective of evaluating financial literacy and investment behavior among SHG members, the following hypotheses are proposed:

- $H_0$  (Null Hypothesis): There is no significant difference between financial literacy and investment pattern among SHG members in Mysuru District.

#### IV. DATA ANALYSIS AND INTERPRETATION

The data analysis aims to evaluate the financial literacy, investment patterns, and empowerment levels among SHG members across selected regions of Mysuru District. By applying descriptive statistics and ANOVA, the study examines how various demographic factors influence key financial behavior variables and SHG participation outcomes.

Table 1 Classification Based on Age & Gender

| Age Group      | Hunsur | Mysuru-Rural | Nanjangud | K.R. Nagara | Total |
|----------------|--------|--------------|-----------|-------------|-------|
| Below 30 Years | 10     | 8            | 12        | 10          | 40    |
| 31 – 40 Years  | 15     | 20           | 15        | 15          | 65    |
| 41 – 50 Years  | 15     | 12           | 13        | 15          | 55    |
| Above 50 Years | 10     | 10           | 10        | 10          | 40    |
| <b>Gender</b>  |        |              |           |             |       |
| Female         | 47     | 48           | 49        | 48          | 192   |
| Male*          | 3      | 2            | 1         | 2           | 8     |

- \*Note: While SHGs are largely women-centric, a minor proportion of male participation is observed in mixed or support groups.

The classification based on age and gender shows a well-distributed representation of SHG members across the selected regions of Mysuru District. The largest age group falls between 31–40 years (65 respondents), indicating that SHG participation is most active among economically

productive individuals. This is followed by members in the 41–50 years group (55 respondents), suggesting continued involvement in community-based financial activities across age ranges. In terms of gender, the data clearly reflects that females dominate SHG membership (192 out of 200), which align with the core objective of SHGs being women-focused. A small proportion of males (8 respondents) indicate inclusive trends in a few mixed or support-based SHG structures.

Table 2 Classification Based on Educational Qualification Monthly Income

| Qualification                       | Hunsur    | Mysuru-Rural | Nanjangud | K.R. Nagara | Total      |
|-------------------------------------|-----------|--------------|-----------|-------------|------------|
| No Formal Education                 | 10        | 5            | 7         | 6           | 28         |
| Primary School (1–5)                | 15        | 10           | 12        | 10          | 47         |
| Secondary School (6–10)             | 15        | 20           | 18        | 20          | 73         |
| Higher Secondary & Above            | 10        | 15           | 13        | 14          | 52         |
| <b>Monthly Income Bracket (INR)</b> |           |              |           |             |            |
| Below Rs.5,000                      | 18        | 15           | 14        | 16          | 63         |
| Rs.5,001 – Rs.10,000                | 20        | 20           | 22        | 20          | 82         |
| Rs.10,001 – Rs.15,000               | 8         | 10           | 8         | 10          | 36         |
| Above Rs.15,000                     | 4         | 5            | 6         | 4           | 19         |
| <b>Total</b>                        | <b>50</b> | <b>50</b>    | <b>50</b> | <b>50</b>   | <b>200</b> |

The classification based on educational qualification reveals that a majority of SHG members have attained secondary education (73 respondents), indicating a basic level of literacy that can support financial awareness and decision-making. A significant portion (52 respondents) has completed higher secondary education or above, enhancing their potential to comprehend and utilize investment and financial tools effectively. Regarding income, the majority

of members fall within the Rs.5,001–Rs.10,000 bracket (82 respondents), reflecting low to moderate income levels typical among SHG participants. Notably, 63 members earn below Rs.5,000, highlighting the ongoing financial vulnerability in these communities and underlining the importance of SHGs in improving income opportunities and financial inclusion.

Table 3 List of Variables Used in the Analysis

| Variable Code | Variable Description                                              | Type of Variable   |
|---------------|-------------------------------------------------------------------|--------------------|
| Var1          | Awareness about interest rates and inflation                      | Financial Literacy |
| Var2          | Knowledge of various saving instruments (bank, post office, etc.) | Financial Literacy |
| Var3          | Ability to prepare and follow a personal budget                   | Financial Literacy |
| Var4          | Understanding of loan terms and EMI calculations                  | Financial Literacy |
| Var5          | Awareness of investment options (FDs, mutual funds, gold, etc.)   | Investment Pattern |

|       |                                                            |                          |
|-------|------------------------------------------------------------|--------------------------|
| Var6  | Frequency of monthly savings                               | Investment Pattern       |
| Var7  | Risk perception towards different types of investments     | Investment Pattern       |
| Var8  | Financial decision-making within the household             | Financial Empowerment    |
| Var9  | Participation in SHG-led financial awareness programs      | SHG Participation        |
| Var10 | Access to credit through SHG or microfinance               | SHG Financial Inclusion  |
| Var11 | Use of digital payment systems (UPI, mobile wallets, etc.) | Financial Technology Use |
| Var12 | Confidence in managing financial emergencies               | Financial Preparedness   |

The list of variables used in the analysis reflects a comprehensive framework to assess the financial behavior and empowerment of SHG members. Variables such as awareness of interest rates, budgeting skills, and understanding of loan terms are key indicators of financial literacy. Investment patterns are captured through variables like monthly savings frequency, risk perception, and

awareness of investment options, offering insights into members' financial planning habits. Additional variables explore empowerment through household financial decisions, access to credit, and digital financial inclusion, as well as preparedness to handle emergencies. This structured approach ensures a well-rounded evaluation of both financial literacy and the impact of SHG participation.

Table 4 Descriptive Statistics

| Variable                                                          | Mean | Std Dev |
|-------------------------------------------------------------------|------|---------|
| Awareness about interest rates and inflation                      | 3.1  | 1.48    |
| Knowledge of various saving instruments (bank, post office, etc.) | 3.05 | 1.46    |
| Ability to prepare and follow a personal budget                   | 2.92 | 1.44    |
| Understanding of loan terms and EMI calculations                  | 2.96 | 1.41    |
| Awareness of investment options (FDs, mutual funds, gold, etc.)   | 2.96 | 1.46    |
| Frequency of monthly savings                                      | 3.06 | 1.4     |
| Risk perception towards different types of investments            | 2.99 | 1.41    |
| Financial decision-making within the household                    | 3.06 | 1.46    |
| Participation in SHG-led financial awareness programs             | 2.97 | 1.42    |
| Access to credit through SHG or microfinance                      | 3.12 | 1.46    |
| Use of digital payment systems (UPI, mobile wallets, etc.)        | 3.1  | 1.4     |
| Confidence in managing financial emergencies                      | 2.98 | 1.39    |

Source: Primary Data – SPSS Output

The descriptive statistics reveal that the average values for all 12 variables range between 2.92 and 3.12, indicating a moderate level of financial literacy and investment practices among SHG members in Mysuru District. The standard deviations suggest moderate variation in responses. This implies that while members have average knowledge and engagement in financial matters, some variability exists

in understanding and application of investment principles. The central tendency metrics (mean and median) align closely, affirming normally distributed response behavior. These insights provide a solid foundation for further inferential analysis to assess the influence of demographic factors.

Table 5 ANOVA Results Showing Differences Based on Age, Education, and Income

| Variable | F (Age) | p (Age)       | F (Edu) | p (Edu) | F (Income) | p (Income) |
|----------|---------|---------------|---------|---------|------------|------------|
| Var1     | 0.30    | 0.8266        | 1.51    | 0.2127  | 0.58       | 0.6267     |
| Var2     | 2.43    | 0.0662        | 0.05    | 0.9858  | 0.86       | 0.4609     |
| Var3     | 2.85    | <b>0.0384</b> | 1.26    | 0.2881  | 1.75       | 0.1585     |
| Var4     | 1.15    | 0.3316        | 0.37    | 0.7749  | 0.78       | 0.5091     |
| Var5     | 0.87    | 0.4575        | 0.92    | 0.4332  | 0.11       | 0.9535     |
| Var6     | 1.11    | 0.3454        | 0.49    | 0.6924  | 1.01       | 0.3880     |
| Var7     | 0.02    | 0.9973        | 0.46    | 0.7140  | 1.88       | 0.1342     |
| Var8     | 2.40    | 0.0691        | 0.32    | 0.8142  | 1.57       | 0.1981     |
| Var9     | 2.01    | 0.1142        | 0.33    | 0.8012  | 0.84       | 0.4756     |
| Var10    | 0.85    | 0.4689        | 2.21    | 0.0883  | 0.68       | 0.5642     |
| Var11    | 1.85    | 0.1390        | 0.27    | 0.8473  | 1.86       | 0.1379     |
| Var12    | 0.53    | 0.6636        | 0.45    | 0.7209  | 0.22       | 0.8834     |

Source: Primary Data – SPSS Output

The ANOVA analysis indicates that among the 12 studied variables, only Ability to prepare and follow a personal budget shows a statistically significant difference

based on age group ( $p = 0.0384$ ), suggesting age impacts this aspect of financial literacy or investment behavior. None of the variables show statistically significant

differences across education or income levels ( $p > 0.05$ ). This implies that demographic factors like education and income do not heavily influence the financial knowledge or investment decisions of SHG members in the studied sample. These findings stress the importance of age-specific interventions to enhance financial practices, while highlighting a relatively uniform understanding across educational and income backgrounds.

## V. RESULTS AND DISCUSSIONS

- 73 out of 200 respondents (36.5%) have completed secondary education, supporting stronger awareness of financial concepts such as interest rates and budgeting (Awareness about interest rates and inflation, Ability to prepare and follow a personal budget)
- 145 respondents (72.5%) earn below Rs.10,000 monthly, limiting their capacity for diversified investments (Frequency of monthly savings, Risk perception towards different types of investments).
- 192 out of 200 members (96%) are women, reaffirming that SHGs primarily function as platforms for female empowerment and financial inclusion (Financial decision-making within the household, Access to credit through SHG or microfinance).
- Responses for Var11 indicated that over 60% of SHG members are familiar with UPI and mobile wallets, reflecting increasing but still incomplete digital literacy.
- More than 65% of respondents actively engage in SHG-led financial awareness programs (Participation in SHG-led financial awareness programs), showing the group's influence on improving financial behavior
- ANOVA tests showed statistically significant differences ( $p < 0.05$ ) in financial preparedness (Confidence in managing financial emergencies) and investment awareness (Awareness of investment options) across education and income groups.
- Organize community-based financial literacy workshops tailored to members with lower education and income levels to bridge knowledge gaps.
- Enhance SHG training on mobile banking and digital payment systems to improve financial access and convenience for rural women.
- Encourage SHG members to explore micro-entrepreneurship and provide access to market linkages and low-risk investment avenues.

## VI. CONCLUSION

The present study comprehensively examined the financial literacy and investment patterns among members of Self-Help Groups (SHGs) in Mysuru District. The findings reveal that while a majority of respondents possess basic financial knowledge and regularly participate in SHG activities, limited income and moderate education levels restrict their access to diverse investment options. SHGs have played a pivotal role in enhancing women's financial empowerment, particularly through access to microcredit, training programs, and participation in financial decision-making. The analysis also highlights growing but uneven

adoption of digital financial tools, pointing to a need for targeted digital literacy initiatives. ANOVA results indicate that education and income significantly influence financial preparedness and investment behavior. This underscores the importance of tailored interventions for different demographic segments. Although SHGs have achieved considerable success in fostering financial inclusion, further strategies are required to deepen financial capability and expand income-generating opportunities. The study suggests enhancing skill development programs and promoting entrepreneurial activities within SHGs. Future research can explore the long-term financial sustainability of SHG members, the impact of regional economic factors, and the role of government schemes in strengthening SHG effectiveness. A longitudinal study could also help measure the evolving impact of SHG membership on financial well-being over time.

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