

ABSTRACT

The role of financial literacy as a route to achieving financial well-being has been a topic of discussion and research globally, in recent times. In rapidly developing economies like India, there is a considerable need for financial literacy drives to educate majority of the adult population, especially in rural areas, how to better manage their finances and enhance financial well-being. The implementation of programmes for financial inclusion through microfinance has facilitated the inclusion of the typically unbanked Indian population into the financial mainstream, offering them access to formal financial products and services, and developing their financial capabilities. In this respect, the contribution of the Self-Help Group-Bank Linkage Programme (SHG-BLP) in formal financial inclusion of the rural poor women in India cannot be understated. The number of SHGs in India has increased from 1,14,775 SHGs in 1999-2000 to 1,34,03,000 SHGs in 2022-23. There has also been a growth in the number of exclusively women SHGs from 1,03,298 SHGs in the year 2000 to 1,12,92,000 SHGs in 2022-23. The growth of 116% in the number of SHGs and 108% growth in the number of exclusively women SHGs since the year 2000, acclaims the potential of the SHGs in promoting inclusive development, especially of the rural poor women.

However, mere formation of SHGs to bring in rural poor women together, delivering them microfinance services and catering to their financial requirements, can neither improve the quality of SHGs nor enhance the financial well-being of its members. The focus has to shift from increasing the numbers to improving the quality of SHGs. As the women SHG members have to deal with financial transactions related to inter-lending, group corpus building and monitoring, creating bank savings and credit linkages, maintaining financial linkages with clusters, book-keeping together with management of finances of their households and individual economic activities, they require at least a minimum level of financial literacy. Thus, it is necessary to impart financial literacy to the women SHG members not just to enable them

manage their finances confidently and efficiently to enhance their financial security and well-being, but also help alleviate the problems related to SHGs such as delinquency, disruption of savings and credit linkages with banks, multiple borrowings and debt-trap creation, investment in fraudulent schemes etc.

With this backdrop, the current study has attempted to explore the factors that determine the financial literacy, financial well-being, financial resilience and financial self-efficacy of women microfinance beneficiaries of SHGs in Darjeeling district of West Bengal, the area being unexplored till date, as reviewed from the existing literature. Darjeeling district being unique in its geographical, socio-economic and cultural diversity justifies the need for this research study. Since the study is mainly based on the primary data, District Rural Development Cell (DRDC) officials, Cluster (Sangha) heads, Community Service Providers (CSPs), Panchayat Officials, etc. were personally contacted by the researcher for facilitating data collection from the SHGs through field surveys. Secondary data related to the list of SHGs functioning in the district, their location, contact details, etc. were obtained from the District Rural Development Cell (DRDC) offices in Siliguri and Darjeeling. Official websites of NRLM, RBI, NABARD, Anandadhara, etc. were used for gathering secondary data and information on various aspects related to the SHGs. Data collection from the SHG members started in November 2019, but had to be held up due to the Covid-19 pandemic restrictions and lockdown from March 2020. The surveys could be conducted again from December 2021 when there were relaxations in the Covid restrictions. Data collection from the field surveys was completed by June, 2022.

The present study has been conducted on a sample of 949 women members randomly selected from the SHGs under the Anandadhara programme (SRLM of West Bengal) covered by four sub-divisions of Darjeeling district. The sample size determined using Yamane's formula was 811. Primary data was collected through structured questionnaires personally

administered to 1000 SHG members located in different Gram Panchayats of the 09 Development Blocks in Darjeeling District. However, 51 questionnaires were rejected due to invalid or incomplete responses. Considering the specific characteristics of the women SHG members, three sets of questionnaires were developed for measuring financial literacy, financial well-being, financial self-efficacy and financial resilience of the women SHG members, as the existing scales for assessing the levels of financial literacy, financial well-being and financial resilience could not be used in toto.

For the measurement of financial literacy, the OECD's scale was adopted with modifications. 42 variables identified from the existing literature and researcher's preliminary observation were run through Exploratory Factor Analysis (EFA) to extract the highly correlated factors. In the first step, 15 factors were extracted explaining 61.635 % of the total variance. However, 10 variables with factor loadings below 0.5 had to be excluded to improve the results. EFA run on the remaining 32 variables resulted in extraction of 11 factors which explained 62.080 % of the total variance. Still, 8 variables had factor loadings below 0.5. So, in step 2 EFA was run again after excluding these 8 variables. The final pool of 24 variables resulted in extraction of 8 factors explaining 71.764 % of the total variance. These eight factors explained the dimensions of financial literacy of women microfinance beneficiaries. A measurement model with the factors extracted was developed and validated through Confirmatory Factor Analysis (CFA). Financial literacy scores were calculated from the responses collected to determine the levels of financial literacy of the women SHG members.

For measuring financial well-being of the women SHG members in Darjeeling district, a questionnaire was designed based on the CFPB's scale and Porter's model of financial well-being. After deleting 2 variables with factor loadings less than 0.5, 2 factors were extracted from 10 variables which explained 67.628 % of the total variance. The factors extracted were

validated using CFA and the scores were calculated to determine the level of financial well-being.

The customized scale for measuring financial resilience was developed with the variables identified from the existing studies and researcher's preliminary observation. EFA run on 13 variables resulted in extraction of 3 factors explaining 63.572 % of the total variance. However, two variables with factor loadings below 0.5 had to be excluded from the study. EFA run on the remaining 11 variables resulted in extraction of 3 factors improving the result to 73.340 % of the total variance extracted. The factors extracted were validated through CFA to be used for the assessment of financial resilience of the women SHG members. Likewise, to assess the level of financial self-efficacy of the women SHG members of Darjeeling district, the six-item Financial Self-Efficacy scale (FSES) developed and validated by Lown, 2011 was used. Scores calculated from the responses collected were used to determine the level of financial self-efficacy.

On evaluation of the scores of financial literacy of the women SHG members it was observed that majority of the members (71.55 percent) possessed moderate to high levels of financial literacy. The women SHG members in the five blocks under Darjeeling GTA were found to possess comparatively higher levels of financial literacy than the women SHG members in the four blocks covered by Siliguri DMMU.

Findings revealed that majority of the women SHG members had moderate to high levels of financial well-being. The women SHG members in the four blocks of Siliguri Mahakuma Parishad DMMU were found to score comparatively higher average financial well-being scores than those in the five blocks under Darjeeling GTA.

As observed majority of the women SHG members had moderate to high levels of financial self-efficacy. It was also observed that majority of the women SHG members had

moderate to high levels of financial resilience. It could be inferred that inclusion of women in the self help groups had enabled them to engage in entrepreneurial activities through financial support and livelihood trainings. Credit availed through groups and clusters provide financial support in times of financial emergencies. Moreover, the social support from the SHGs helped them to adapt and recover from financial shocks building their financial resilience.

The current study has also tried to investigate the relationship between the four constructs and their underlying variables through Structural Equation Modeling (SEM). Financial literacy has been found to have significant positive influence on financial resilience, financial self-efficacy and financial well-being. Also, financial self-efficacy and financial resilience significantly has been found to influence financial well-being, corroborating the findings of previous studies.

Examining the influence of various socio-demographic variables on the levels of financial literacy, financial well-being, financial resilience and financial self-efficacy of women SHG members using appropriate statistical tools, it was observed that socio-demographic variables such as age, marital status, educational qualification, employment status, family size, household income and vintage of SHG membership significantly influenced the financial literacy, financial resilience, financial self-efficacy and financial well-being levels of the women microfinance beneficiaries at varying levels of significance.

The significance of the current study lies in the policy implications based on the findings of the study. The study has been able to identify the factors that determine the levels of financial literacy, financial resilience, financial self-efficacy and financial well-being of the women microfinance beneficiaries in Darjeeling district. Targeting these factors can help in enhancing the levels of financial literacy, financial resilience, financial self-efficacy and financial well-being.

Scales developed for measuring financial literacy, financial resilience, financial self-efficacy and financial well-being of the women microfinance beneficiaries in Darjeeling district have been validated and tested and can be used for measuring the levels of financial literacy, financial resilience, financial self-efficacy and financial well-being of the women microfinance beneficiaries in other parts of the country as well.

Imparting financial literacy trainings customized according to the changing needs of the women microfinance beneficiaries of SHGs, for a minimum duration of one week with multilingual training manuals and more engaging and interactive sessions can be more effective in enhancing their financial literacy levels. Considering the growing digitalization needs, providing hands-on training to the women microfinance beneficiaries of SHGs can equip them with digital financial literacy and help them adapt to the changing financial landscape. Engagement of Bank Sakhis or Digital Sakhis may be effective in training the women SHG members how to use digital financial services.

Sustainable livelihood trainings can be provided to encourage women to take-up more entrepreneurial activities individually or in groups. Regular monitoring of the economic activities of the groups at cluster, federation and block level may be helpful in understanding the problems faced by the women SHG members in handling the financial, marketing, banking and operational activities related to their entrepreneurial ventures.

Enabling women SHG members to become financially literate and confident in their financial management abilities can make them financially resilient, ultimately enhancing their financial well-being.