MICRO-FINANCE AS A TOOL FOR RURAL WOMEN EMPOWERMENT—A CASE STUDY ON WOMEN BASED SHGs OF CHANNARAYAPATNA TALUK IN HASSAN DISTRICT, KARNATAKA, INDIA

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ABSTRACT

Micro-finance has emerged as a powerful tool that enables the financial inclusion of rural and urban poor. It includes the provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve living standards.

Micro-finance institutions have expanded the frontiers of institutional finance and have brought the poor, specially the poor women into the formal financial system thus enabling them to access credit and fight poverty.

The experience in developing countries shows that, the provision of small credit to the poor through the linkage process contributes to the process of rural development by creating conditions that are conducive to human development. It is reported that significant changes in the living standards of SHGs members have taken place in terms of increase in income level, assets, savings, borrowing capacity and income generating activity. Moreover, the participation of women in the economic activity and decision-making at the household and at the society level is increasing and making the rural development process participatory, democratic and sustainable.

To assess the impact of Micro-finance in rural women empowerment for empirical validation of following issues viz., income generation, employment generation and change of life style patterns. The researcher has selected SHGs, which are
mainly concentrated by women. A sample survey was conducted through administering the structured questionnaire.

The present study reveals that the Micro-finance has given women in India an opportunity to become ‘agents of change’. The movement has made them more confident than ever, helping them to explore new possibilities in the generation of income leading to self-sustenance. It has also helped them to explore new horizon, new dreams and new hopes.

KEYWORDS: Micro-finance, Shelf-help Groups (SHGs), Empowerment.

INTRODUCTION

Micro-finance development has emerged as a major strategy to combat the twin issues of poverty and unemployment that continue to pose a major threat to the polity and economy of both the developed and developing countries.

Finance is one of the most crucial inputs for economic activity, i.e., growth, development and sustenance. If finance, though own accumulated resource or equity is neither available, nor sufficient, debt assumes a greater significance. Financial Institutions (FIs) play an important role in this regard by canalizing funds from surplus sector (investors) to deficit sectors (Borrowers). However these institutions do not show much enthusiasm to put their resources in rural and backward areas for the benefit of people belonging to poor section, as these are commercial organizations and are basically interested in profitability and sustainability.

While micro-finance as a means to empower poor has been quite successful in many countries, the utilization of credit for adequate income and employment generation is a cause of concern for most of the stakeholders.

Micro finance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers and insurance to poor and low income households and their micro enterprises. Three types of sources provide micro finance services:

- Formal institutions, such as rural banks and co-operatives;
- Semiformal institutions, such as non-government organizations; and
- Informal sources such as moneylenders and shopkeepers.

Institutional micro finance is defined to include micro-finance services provided by both formal and semiformal institutions. Micro finance institutions are defined as institutions whose major business is the provision of micro finance services.

Commercial banks tried to find ways of improving their financial viability through priority sector lending. Banks lend to the members of the SHGs, which undertook the responsibility of selection, monitoring and recovery of loans and repayments to banks.
Banks lending to these SHGs not only obtained refinance from NABARD but also had the advantage of reduction in the transaction costs, improvement in recoveries and increase in (profit) margins (leading) to wider portion of the largest group. The typical micro finance clients are low-income persons who do not have access to formal financial institutions. Micro finance clients are poor and vulnerable non-poor who has a relatively stable source of income.

Micro finance programmes support production and consumption by the poor. Easy loan repayment terms level out consumption and help the unemployed to become self-employed. There are several ways to assist the poor with resources used in Micro-finance. Besides, these programmes the central and state governments have vigorously supported the SHG-centric (women) models of development in India. The Swa-Shakti Project of Department of Women and Child Development (DWCD) that was launched in 1998, many other agencies have taken up programmes for supporting women’s SHG movement. NABARD has launched a major initiative for accelerating credit linkage to SHGs and over 5,39,365 SHGs are accessing bank credit during 2004-2005 (NABARD, 2005).

The developmental debate traces the dichotomy which divides between the developed and underdeveloped, urban and rural, and having access to resources and not having access to resources. For such categories, the state intervenes in the form of schemes for the improvement in standard of living and Quality of life. Micro finance is such a developmental intervention aiming at employment creation and generation of income. In these divides, those who come under the rural category the intensity of pain and penury is high. In the overall suffering, women take more shares in the livelihood issues. The hard fact is women constitute half the world’s population, contributes about two-thirds of its working hours, receive one-tenth of the world’s income and own less than one-hundredth of world’s property. In India since independence a number of innovative programmes were tried for the upliftment of women in our country. In the initial period of planning ‘welfare’ centered programmes was initiated, later that was shifted to ‘development’ oriented approach.

CONCEPT OF SELF-HELP GROUPS

The empowerment of women through self-help groups would lead to benefits not only to the individual women and women groups but also the family and community as a whole through collective action for development.

Self-help group is an institutional approach that pools the physical and financial resources with the participation of government and non-governmental organization to empower the women in rural areas.

Self-Help Groups (SHGs) are self managed groups of poor, which primarily came into existence to mobilize financial resources through their own savings and lend the same against themselves to meet the credit needs of their members. It is the alternative to achieve the objective of rural development and initiate community participation in all rural development programmes.

The SHGs are being linked with the banks for external credit under the project of rural development. The appraisal team consists of bank managers, rural development officers and NGOs. The project implementation teams visit the SHGs and select the beneficiaries...
proposed by the groups for providing financial assistance to the respective entrepreneurial activities such as petty shops, tailoring units, dairying, agriculture, wormy compost, vegetable shops. etc.

India, being a democratic country with welfare orientation, has recognized that the best way to tackle poverty and enable the community to improve its quality of life is through social mobilization of the poor, especially women in to Self-Help Groups.

Therefore, the Government widely promoted the women based Self-Help Groups for their development and empowerment.

SHG activities are initially confined to internal savings and internal lending, borrowing for consumption purpose. Later on emphasis shifted from consumption credit to investment. At present SHGs are considered as an effective participatory process in development endeavors. SHGs are slowly entering into Income Generating Activities (IGAs), as a measure of poverty alleviation or enhancing income levels as well as quality of life of the rural mass.

AREA OF STUDY

The researcher has selected the Channarayapatna Taluk to study the Micro-finance as a tool for rural women empowerment.

Channarayapatna is in Hassan District in Karnataka State and located at 12.90° N 76.39° E. It has an average elevation of 827 meters (2716 feet). Channarayapatna is near the famous Jain pilgrimage center Shravanabelagola. Channarayapatna is on the National Highway NH48 (from Bangalore to Mangalore) at about 150 Km from Bangalore, the capital city of Karnataka.

Tourism and coconut are the two main sources of income of Channarayapatna. Other than these, farmers grow sugarcane, ragi and maize. Farmers in this taluk depends upon rainfall for their agricultural produce. It is characterised by low rainfall with dry areas. So, people of this taluk are seasonally unemployed. Their standard of living is low and they belong to poor income group of the society.

RESEARCH METHODOLOGY

To study Micro-finance, which is a tool for rural women empowerment, 80 women based SHGs of Channarayapatna Taluk in Hassan district are selected. Each SHG selected is a representative unit of that particular category. So each activity is provided with in-depth analysis pertaining to investment, turnover, employment and income generation.

There are 802 SHGs scattered across Channarayapatna Taluk. 10% of 802 SHGs i.e. 80 groups were selected among 11 circles. Each group has minimum 15 to maximum 20 women members among them 3 members were selected. Hence, total 240 members from 80 units were selected altogether for the purpose of this study.

For the collection of information on employment and income generation as well as to study the economic status of women members the structured questionnaire is administered. For the analysis of primary data, simple statistical techniques were used. For the study of changes in standard of living after joining SHGs Content Score Method was adopted.
RESULTS OF THE STUDY

**TABLE NO. 1: NUMBER OF DAYS WORKED IN A YEAR**

<table>
<thead>
<tr>
<th>Days</th>
<th>Employment generated prior to join the SHG</th>
<th>Employment generated after joining SHG</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>150-200</td>
<td>201-250</td>
</tr>
<tr>
<td>No. of Respondents</td>
<td>70</td>
<td>35</td>
</tr>
<tr>
<td>Percentage</td>
<td>29</td>
<td>15</td>
</tr>
</tbody>
</table>

The above table depicts employment generated through SHG. Prior joining to SHG, 29% of respondents worked around 150-200 days in a year. After joining to SHG the number of man-days worked around 150-200 days is 4%. 15% of respondents worked 201-250 days prior joining to SHG. But later it is 19% after joining SHG. 21% of respondents worked around 251-300 days prior joining but after joining 31% of respondents worked around 251-300 days. 35% of respondents worked above 301 days prior joining to SHG and even after joining to SHG 46% of respondents worked above 301 days.

From the above table it is clear that compared to before joining SHG more number of members worked for more days after joining to SHG. From the above data it is clear that SHGs have generated more employment when compared to their earlier employment.

**INCOME GENERATION THROUGH SHGs**

**TABLE 2: AMOUNT OF INCOME EARNED IN A YEAR**

<table>
<thead>
<tr>
<th>Amount</th>
<th>Employment generated prior to join the SHG</th>
<th>Employment generated after joining SHG</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Below 10000</td>
<td>10000-20000</td>
</tr>
<tr>
<td>No. of Respondents</td>
<td>124</td>
<td>96</td>
</tr>
<tr>
<td>Percentage</td>
<td>52</td>
<td>40</td>
</tr>
</tbody>
</table>

The above table reveals changes in income generation pattern of SHGs. From the above table it is clear that, 52% of members use to earn an income of below
Rs.10000 prior to joining to SHG. After joining SHG 27% of members are earning below Rs.10000. 40% of respondents earned between Rs.10000- Rs.20000 annually before joining SHG. This percentage has increased to 48% after joining group. From this data it is clear that more number of members are earning between Rs.10000- Rs.20000 after joining SHG.

4% of members used to earn an income between Rs.20001- Rs.30000 before joining and it is increased to 13% after joining SHG. 4% of respondents earned between Rs.30001- Rs.40000 before joining group and it is increased to 12% after joining SHG.

After analyzing the above data it is clear that income earned in a month by all members of SHGs has increased when compared to their income prior to joining SHGs.

4% of members used to earn an income between Rs.20001- Rs.30000

TABLE NO.3: CHANGES IN THE EXPENDITURE PATTERN OF SSG MEMBERS

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Particular</th>
<th>Preference prior to joining SSG</th>
<th>Preference after to joining SSG</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Content Score</td>
<td>%</td>
<td>Content Score</td>
</tr>
<tr>
<td>1.</td>
<td>Food Items</td>
<td>1478</td>
<td>21.99</td>
</tr>
<tr>
<td>2.</td>
<td>Education</td>
<td>727</td>
<td>10.82</td>
</tr>
<tr>
<td>3.</td>
<td><strong>Health</strong></td>
<td>1347</td>
<td>20.05</td>
</tr>
<tr>
<td>4.</td>
<td>Consumer durables</td>
<td>751</td>
<td>11.18</td>
</tr>
<tr>
<td>5.</td>
<td>Insurance</td>
<td>720</td>
<td>10.71</td>
</tr>
<tr>
<td>6.</td>
<td>Social and religious ceremonies</td>
<td>1025</td>
<td>15.25</td>
</tr>
<tr>
<td>7.</td>
<td>Quality of life</td>
<td>672</td>
<td>10.00</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>6720</td>
<td>100.00</td>
</tr>
</tbody>
</table>

The consolidated percentage of the changes in the expenditure pattern of SHG members is computed through the content score analysis and it is enumerated in the above Table.

The content score is a score awarded to each expenditure pattern. In order to get content score for each factor weights are assigned to each rank and got the weighted score for the factors. The weighted scores are content score.

Expenditure pattern was directed on the basis of indicators leading to a better quality of life. There is a total shift in the preference and patterns of expenditure of members before and after joining to SHGs.

There is both decrease as well as increase in the preferences, which suggests a qualitative improvement in the way of life of its members.

Before joining to SHG the priority of food was a major concern (26.99%)
with the assured increase in the number working days and the gradual increase in the income, food as a priority has slide to (14.11%). Food security as a measure of Development and its main source; the available income to spend is an assurance for development.

The spending on education is very much considered as an investment. When there is substantial increase in the income, the priority for education also shifts. This is clearly visible. From 10.82% the preference for education went up to 20.08%. It is a clear indication that SHGs are qualitatively influencing the life styles of its members.

Preference for spending a health related a matter was 20.05% before joining and it went up to 23.18%. It is a clear indication that with the increase in the income level, spending patterns will also change. It is the basic human tendency in managing the resource when income level is minimum focus will be on the bare necessities and when there is a raise in the income, priority will shift towards higher level needs. The level of income and the capacity of spend ultimately determines what is a necessity. Spending on consumer durable, which was a low priority 11.18%, has moved up to 16.82%. This signifies increase in the income available for spending on consumer durables. The basic understanding is that only when the basic needs are fulfilled then only higher level needs are thought of. The above table clearly indicates the shift towards purchasing consumer durables.

Preference of change in spending on Insurance prior to Joining was 10.71% and after joining spending on Insurance was 15.45%.

It is a positive indication of increase in the disposable income. The safety and security needs’ spending depends as the fulfillment of Basic sustenance needs. Prior to joining the SHG, the available income was spent for fulfilling basic needs. This situation was due to the lack of the availability of gainful employment and income assurance. After joining to SHG number of man days of work and assured earnings has increased.

Priority of spending on social and religious ceremonies drastically came down to 5.36% from 15.25%.

It is an indication of shift in the mind set towards social and religious ceremonies. Prior to joining SHG, the individual families did some of the religious ceremonies and after joining to SHG they collectively hold some social and religious ceremonies. The over all impact of this shift is that the individual amount spending has come down, but collectively, the social and religious ceremonies were also undertaken to fulfill the social and religious obligations. Reduced spending on this category has been diverted to the other indicators leading to better quality of life.

The priority of preference for quality of life also increased from 10.00% to 14.00% after joining to SHG.

Conceptually SHGs are instrumental in percolating not only the idea of economic empowerment to quality of life but they have institutionalized the whole process in to a tangible reality. The data reveals the efforts of the SHGs as well as the people participation towards the goal of economic empowerment to quality of life.

Quality of life is the function of Effectiveness of Economic Empowerment Initiatives and People Participation.
QL = (E.E.E.I + P.P)

Where Q. L. = Quality of life

E.E.E.I = Effectiveness of Economic Empowerment Initiatives

P.P = People participation

People participation proportionality depends on effectiveness of the economic empowerment initiatives. If the effectiveness decreases, participation also decreases. The very fact that people participation suggests the positive impact of effectiveness of economic empowerment initiatives leading to quality of life.

Diagrammatically the variable interface of QL i.e., PP and EEEI are plotted in the quadrants it appears as:

<table>
<thead>
<tr>
<th>E.E.E.I</th>
<th>NO E.E.E.I</th>
</tr>
</thead>
<tbody>
<tr>
<td>P.P</td>
<td>Q I</td>
</tr>
<tr>
<td>NO P.P</td>
<td>Q III</td>
</tr>
</tbody>
</table>

Q I Suggests high People Participation and high Effectiveness of Empowerment Initiatives, which result in better quality of life of the SHG members.

Q II & QIII suggests the disparities in the initiatives and people participation, which result in lopsided development, and is not sustainable.

Q IV is a state of poverty and denial, where there is no initiatives and no participation.

From this it can be asserted that people participation and empowerment initiatives are the causal as well as contribution factors leading to better quality of life.
CRITICAL ASSESSMENT

The results of the primary data it clearly indicates a visible change in the members consulted for the study.

The indicator of quality of life is based on spending patterns of the members before and after joining SHG. It clearly reveals the transformation in the ways and means of learning and spending on livelihood issues. The study reveals the following major findings.

1. Stability and consistency in the earnings.
2. Increase in the number of man-days of work.
3. Spending on education has increased.
4. Access to health services through insurance schemes.
5. Availability of surplus for small savings and investment in assets.
6. Improvement and added facilities in the houses.
7. Focus on income generating activities, skill development and collective decision making for livelihood issues.

Ultimately the quality of life in a given situation depends on the effectiveness of the Economic Empowerment Initiatives and People Participation in such initiatives. This fact is empirically validated in this study.

CONCLUSION

SHGs are developed as a tool for poverty alleviation in different countries of the world. Basically SHGs are developed as a micro finance unit and they gradually move on to more complex income and employment generation activity. In India, a number of SHGs are developed and supported by different NGOs and Government departments. NGOs and Government plays a crucial role as a facilitator form inception to the development and the success of SHGs by providing technical guidance, training, financial support, and marketing of goods and services.

Through analysis of the primary data it clearly indicate the shift towards better quality of life through collective efforts, focus on income generating activities and proper utilization of available resources.

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