

"Impact of Different Self Help Groups (SHG's) for Women Empowerment through Microfinance" in Kolar District (Karnataka)

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Abstract

Microfinance is a type of banking service that is provided to unemployed or low-income individuals or groups who would otherwise have no other means of gaining financial services. Microfinance through Self Help Group (SHG) has been recognized internationally as the modern tool to combat poverty and for rural development. Microfinance and SHGs are effective in reducing poverty empowering women and creating awareness which finally results in sustainable development of the nation. The main aim of Microfinance is to empower women. In this paper the role played by Microfinance in women's empowerment are considered into two dimensions namely social and economical. The objectives of the study are i) To understand the impact on income before and after joining different SHG's Groups in Kolar District, Karnataka ii) To analyze the freedom and problems a women members get in SHG's iii) To analyze the relationship between literacy level and awareness of education after joining SHG's iv) To analyze the relationship between the empowerment of the women economically and socially after joining SHG's. The study is undertaken in rural areas of Kolar District, Karnataka. Both primary and secondary data's are used. Primary data are enumerated from a field survey in the study region Secondary data are collected from NGOs' reports, magazines, journals etc. The statistical tools used are Sign Test, Correlation test and Percentage. Analysis showed that there is a gradual impact on the income among rural women's. From the interaction among the respondents it is noticed that some members are expecting more training sessions in income generating activities. All they need is to interact and attend many training programs. There is definite improvement in empowerment among rural women as a result of participating in micro finance after joining different SHG's program.

Keywords: SHG's, Microfinance, Women's Empowerment, Sign Test, Correlation Test

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1. INTRODUCTION

Microfinance is the provision of financial services to low-income clients, including consumers and the self employed, who traditionally lack access to banking and related services. Microcredit, or Microfinance, is banking the on bankable, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral. In general, banks are for people with money, not for people without.” (Gert van Maanen, Microcredit: Sound Business or Development Instrument, Oikocredit, 2004) is based on the premise that the poor have skills which remain unutilized or underutilized. Microcredit fits best to those with entrepreneurial capability and possibility. Ultimately, the goal of Microfinance is to give low income people an opportunity to become self-sufficient by providing a means of saving money, borrowing money and insurance.

The main aim of Microfinance is to empower women. Women make up a large proportion of Microfinance beneficiaries. Traditionally, women (especially those in underdeveloped countries) have been unable to readily participate in economic activity. Microfinance provides women with the financial backing they need to start business ventures and actively participate in the economy. It gives them confidence, improves their status and makes them more active in decision-making, thus encouraging gender equality. According to CGAP, long-standing MFIs even report a decline in violence towards women since the inception of Microfinance.

The most of the microcredit institutions and agencies all over the world focuses on women in developing countries. Observations and experience shows that women are a small credit risk, repaying their loans and tend more often to benefit the whole family. In another aspect it's also viewed as a method giving the women more status in a socioeconomic way and changing the current conservative relationship between gender and class when women are able to provide income to the household. There are many reasons why women have become the primary target of Microfinance services.

A recent World Bank report confirms that societies that discriminate on the basis of gender pay the cost of greater poverty, slower economic growth, weaker governance, and a lower living standard for all people. At a macro level, it is because 70 percent of the world's poor are women. Women have a higher unemployment rate than men in virtually every country and make up the majority of the informal sector of most economies. They constitute the bulk of those who need Microfinance services. Giving women access to microcredit loans therefore generates a multiplier effect that increases the impact of a Microfinance institution's activity, benefiting multiple generations.

NABARD (2005) explains that the Self Help Group is a group with “an average size of about 15 people from a homogeneous class. They come together in addressing their common problems. They are encouraged to make voluntary thrift on a regular basis. They use this pooled resources to make small interest bearing loans to their members. The process helps them imbibe the essentials of financial intermediation including prioritization of needs setting terms and conditions and accounts keeping. This gradually builds financial discipline in all of them. They also learn to handle resources of a size that is much beyond the individual capacities of any of them. The SHG members begin to appreciate that resources are limited and have a cost. Once the graphs show this mature financial behavior, banks are encouraged to make loans to the SHG in certain multiples of the accumulated savings of the SHG. The bank loans are given without any collateral and at market interest rates. The groups continue to decide the terms of loans to their own members. Since the groups’ own accumulated savings are part and parcel of the aggregate loans made by the groups to their members, peer pressure ensures timely repayments.” In this paper the role played by Microfinance in women’s empowerment are considered in three dimensions namely psychological social and economical.

2. Literature Review

2.1 SELF HELP GROUPS (SHGS)

Ramesh (1997), while studying SHGs concludes that members share a common perception of needs and belong to almost same economic and social status. From inculcating socially desirable habit and ethics amongst the members, the four-in-one role of SHGs are a money lender (advantages only), a development bank (without cumbersome procedures), a cooperative (without external interference and flexibility) and a voluntary agency (help awareness, education, overall development)

Rajagopalan (1998) states that the dependence of the rural poor on the non- institutional sources of credit like that of the moneylender is one of the causes, which perpetuates poverty. The SHGs substitute their role Thomas (1998) defined SHG as a homogeneous group of rural poor voluntarily formed to save small amounts, out of their earnings which is convenient to all the members

Pankaj (2001) reported that the SHG-bank linkage program launched by NABARD in 1992 is a landmark in the field of micro financing in India. This program aims to organize SHGs of 10 to 20 persons from the economically homogeneous strata who regularly save the amounts from their earnings

2.2 Women Empowerment and Microfinance

The World Bank defines empowerment as “the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes.

According to Krishna (2003) empowerment means increasing the capacity of individuals or groups to make effective development and life choices and to transform these choices into desired actions and outcomes. It is by nature a process and/or outcome.

A majority of Microfinance programs targets women with the explicit goal of empowering them. There are varying underlying motivations for pursuing women empowerment. Some argue that women are amongst the poorest and the most vulnerable of the underprivileged and thus helping them should be a priority. Whereas, others believe that investing in women’s capabilities empowers them to make choices which is a valuable goal in itself but it also contributes to greater economic growth and development.

It has been well-documented that an increase in women’s resources results in the well-being of the family, especially children (Mayoux, 1997; Kabeer, 2001; Hulme and Mosley, 1997). A more feminist point of view stresses that an increased access to financial services represent an opening/opportunity for greater empowerment. Such organizations explicitly perceive Microfinance as a tool in the fight for the women’s rights and independence finally, keeping up with the objective of financial viability, an increasing number of Microfinance institutions prefer

Women members as they believe that they are better and more reliable borrowers.

3. Statement of the problem

In olden days women were restricted to take part in any social activities and not given roles in decision making in her family. The situation was even more worsening in rural and remote areas. Now the situation has been changed she is given the freedom to do what she wishes. In today's scenario more women are engaged in income generating activities. This is because of NGO and other financial institution like Self help groups came forward to provide Microfinance to poor Women. They believe that a woman is the small credit risk and often benefits the whole family. The main aim of Microfinance is to empower women. This induced the researcher to focus more on the empowerment of rural women who participates in the Microfinance.

4. Objectives of the study

- To understand the impact on income before and after joining different SHG's Groups in Kolar District, Karnataka.
- To analyze the freedom and problems a women members get in SHG's
- To analyze the relationship between literacy level and awareness of education after joining SHG's
- To analyze the relationship between the empowerment of the women economically and socially after joining SHG's

5. Hypothesis

- **H0-Null Hypothesis-** There is a significant difference between income before and after joining different SHG's Groups
- **H1-Alternative Hypothesis-** There is no significant difference between income before and after joining different SHG's Groups

6. Research Methodology

The study is undertaken in few taluks of Kolar district by using random sampling method. Both primary and secondary data's are used. Primary data is enumerated from a direct interview and structured questionnaire in the study region. Secondary data is collected from NGOs' reports and other documents. The nature of the study adopted was" **Empirical study methodology.**

Table 1 Area covered and Different SHG's are

Talukas	SHG's
Bangarpet	Sri Lakshmi Mahila Swasahaya Sangha
Malur	
Mulbagal	Sri Dandina Maramma Mahila Sangha
Srinivaspura	Sri Saraswati Mahila Swasahaya Sangha
	Sri Shakti Group
	Sri Lakshmi Dwaraka Mahila Mandali
	Sri Durgapameshwari Mahila Swasahaya Sangha
	Sri Yallama Devi Sangha
	Sri Rajarajeshwari Swasahaya Sangha
	Sri Kalikamba Mahila Sangha
	Sri Annapoorneshwari Sangha

Source: Primary data and random method used

6.1. Data Collection Method

Primary Data

Direct interview schedule and structured questionnaire was prepared and used for collecting data from the rural SHG's women members who engage in Micro enterprises through Microfinance.

Secondary Data

It is collected from NGOs' reports and other documents like magazines, journals and articles.

6.2. Sampling Method

- Random sampling followed. Since the numbers are large in number they are divided by groups and randomly selected for data collection.
- 100 sampling size have been collected for the research from selected taluks of Kolar district

6.3. A Statistical Tool Used.

Sign test and Coefficient of Correlation and percentage are the tools used for the analysis and interpret data.

6.4. Results and Discussion

The analysis and interpretation of data have done was using Excel and SPSS 17 software.

7. Limitations of the Study

- The study is confined with the few talukaas of Kolar District. Hence the results may not be applicable to all taluks in the District.
- The data were collected only from those who engaged in income generating activities

8. Analysis and Interpretation

8.1. Age of Women from different SHG's

Out of the 100 respondents 58% of the respondents are under the age group of less than 30 who are in different SHG's. 24% are under the age group of 30-45, 18% are under the age group of 45 and above, this indicates that most of the women are young.

Table-2: Frequency Distribution of Age of women

Age	Frequency	Percentage
<30	58	58
30-45	24	24
45 and above	18	18
Total	100	100

Source: Primary and Computed Data

8.2 Qualification of Women

Out of the 100 respondents 55% of the respondents are illiterate who are in different SHG's. 25% have studied up to Secondary, 11% have studied up to Primary and only few percent of people have studied Higher and UG level. This shows that even now the most of the women are still uneducated.

Table-3: Qualification

Qualification	Frequency	Percentage
Elementary	4	4
Primary	11	11
Secondary	25	25
Higher Secondary	2	2
UG	3	3
Nil	55	55
Total	100	100

Source: Primary and Computed Data

8.3 Women from Different SHG's

Out of the 100 respondents, we have got mixed respondents from all the SHG's

Table-4: Women from Different SHG's

SI NO	Different SHG's	Frequency	Percentage
1	Sri Lakshmi Mahila Swasahaya Sangha	15	15
2	Sri Dandina Maramma Mahila Sangha	10	10
3	Sri Saraswati Mahila Swasahaya Sangha	14	14
4	Sri Shakti Group	20	20
5	Sri Lakshmi Dwaraka Mahila Mandali	9	9
6	Sri Durgaparameshwari Mahila Swasahaya Sangha	12	12
7	Sri Yallama Devi Sangha	8	8
8	Sri Rajarajeshwari Swasahaya Sangha	6	6
9	Sri Kalikamba Mahila Sangha	4	4
10	Sri Annapoorneshwari Sangha	2	2
TOTAL		100	100

Source: Primary and Computed Data

8.4 Microfinance helps to reduce the Poverty Level

Out of the 100 respondents 93% of the respondents say that Microfinance helps to reduce the poverty level and only 7% won't believe that it reduce the poverty level.

Table-5 Microfinance Helps to reduce the Poverty Level

SI No	OPTIONS	Frequency	Percentage
1	YES	93	93
2	NO	7	7
Total		100	100

Source: Primary and Computed Data

8.5 Women's Empowered Socially

Out of the 100 respondents 91% of the respondents say that, they can express their opinions freely both in group and in the family also i.e. they don't have any problem with the group and leader.

Table-6 Women's Empowered Socially

Expressing Opinion Freely			
SI No	OPTIONS	Frequency	Percentage
1	YES	91	91
2	NO	9	9
Total		100	100

Source: Primary and Computed Data

8.6 Women's Freedom to move independently

Out of the 100 respondents 88% of the respondents say that, they can move to any place without the help of their family members to bank, government places which indicates social mobility.

Table-6 Women's Freedom to move independently

Moving Independently			
SI No	OPTIONS	Frequency	Percentage
1	YES	88	88
2	NO	12	12
Total		100	100

Source: Primary and Computed Data

8.6 Purpose of getting Microfinance

Out of the 100 respondents 58% of the respondents say that, they want to start the new business through Microfinance. This shows that women's are getting confident towards Microfinance to start a business.

Table-7 Purpose of getting Microfinance

SI No	Options	Frequency	Percentage
1	Household purpose	14	14
2	To start a business	58	58
3	To promote an existing business	6	6
4	Education Purpose	9	9
5	Agriculture	13	13
Total		100	100

Source: Primary and Computed Data

8.7 Correlation Test

8.7.1 Correlation between Improvement in literacy level and Awareness in Education

The Correlation between the improvement in literacy level and Awareness in Education is **0.941** which is highly significant positive correlation indicating that improvement in the respondent's literacy level leads to awareness in a child's education after joining SHG's.

Table-8 Correlation between Improvement in literacy level and Awareness in Education

Correlations

		Improvement in literacy level	Awareness in Education
Improvement in literacy level	Pearson Correlation	1	.941**
	Sig. (2-tailed)		.000
	N	100	100
Awareness in education	Pearson Correlation	.941**	1
	Sig. (2-tailed)	.000	
	N	100	100

Correlations

		Improvement in literacy level	Awareness in Education
Improvement in literacy level	Pearson Correlation	1	.941**
	Sig. (2-tailed)		.000
	N	100	100
Awareness in education	Pearson Correlation	.941**	1
	Sig. (2-tailed)	.000	
	N	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Primary and Computed Data using SPSS 17

8.7.2 Correlation between after joining SHG's and Empowerment of women socially and economically

The Correlation between after joining SHG's and Empowerment of women socially and economically is 0.720 which is high positive correlation indicating that joining of SHG's made the women's more empower socially and economically.

Table-8 Correlation between after joining SHG's and Empowerment of women socially and economically

Correlations

		After Joining in SHG's	Empowerment of women Socially and economically
After Joining in SHG's	Pearson Correlation	1	.720**
	Sig. (2-tailed)		.000
	N	100	100
Empowerment of women Socially and economically	Pearson Correlation	.720**	1
	Sig. (2-tailed)	.000	
	N	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Primary and Computed Data using SPSS 17

8.8 Average Income before and after joining SHG's

Table-8 Sign Test

SHG's	Average Income Before joining SHG's (Annually)	Average Income After joining SHG's (Annually)	SIGN	
			Positive	Negative
Sri Lakshmi Mahila Swasahaya Sangha	55000	80000	+	
Sri Dandina Maramma Mahila Sangha	68000	65000		-
Sri Saraswati Mahila Swasahaya Sangha	58000	100000	+	
Sri Shakti Group	75000	120000	+	
Sri Lakshmi Dwaraka Mahila Mandali	100100	100099	0	0
Sri Durgaparameshwari Mahila Swasahaya Sangha	85000	98000	+	
Sri Yallama Devi Sangha	56000	92000	+	
Sri Rajarajeshwari Swasahaya Sangha	49000	48000		-
Sri Kalikamba Mahila Sangha	69000	73000	+	
Sri Annapoorneshwari Sangha	89000	122000	+	
Total			7	2

Source: Primary and Computed Data

Sign Test

Frequencies		N
Average Income After joining SHG's(Annually) - Average Income Before joining SHG's(Annually)	Negative Differences	2
	Positive Differences	7
	Ties	1
	Total	10

9. Findings

1. Most of the respondents are of the age of below 30 years. This shows that women of young age are interested in joining SHG's.
2. The qualification of women is less educated .This shows that even now the most of the women are still uneducated
3. As far as the self help group is concerned they don't face any type of problems or compulsions from leaders or from other members in the group. Women are given full freedom to express their opinions.
4. Respondents believe that Microfinance Helped to remove the poverty level and lead a normal life.
5. Respondents believe that improvement in literacy level helps to increase in awareness of children's education.
6. Respondents believe that after joining SHG's it has helped for Empowerment of women socially and economically.
7. Respondents say that there is a significant impact on income before and after joining different SHG's

Acme Intellects

10. Conclusion

The rural area Self Help Groups are performing well. The study concludes that Microfinance through different SHG's brought Social empowerment and economic empowerment. Impact of Microfinance is appreciable in reducing poverty line. The SHG members feel free to move with their groups and leaders. It leads them to participate in various social welfare activities with good cooperation. There is lot of impact on income after joining SHG's and finally it is noticed that All they need is a way to develop their skills and talents by participating in various training programs.

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