

**Impact of Different Self-Help Groups (SHGs) For Women Empowerment
through Microfinance: A Special Reference to Uttara Kannada District**

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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 SHGs in Uttara Kannada District, Karnataka. ii) To analyze the freedom and problems a women members get in SHGs. iii) To analyze the relationship between literacy level and awareness of education after joining SHGs. iv) To analyze the relationship between the empowerment of the women economically and socially after joining SHGs. The study is undertaken in rural areas of Uttara Kannada District, Karnataka both primary and secondary data 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 SHGs program.

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

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 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

1. To understand the impact on income before and after joining different SHGs Groups in Uttara Kannada District, Karnataka.
2. To analyze the freedom and problems a women members get in SHGs
3. To analyze the relationship between literacy level and awareness of education after joining SHGs
4. To analyze the relationship between the empowerment of the women economically and socially after joining SHGs

5. Hypothesis

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

6. Research Methodology

The study is undertaken in few taluks of Uttara Kannada district by using random sampling method both primary and secondary data's are used. Primary data is enumerated from a direct interview and 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 No- 1: Area covered and Different SHGs are

Taluks	Name of the SHGs
Sirasi	Sri BhavaniStreeShakthi Sangha
	Sri YallammaMahilaSwasahaya Sangha
Yellapur	Renuka Devi Swasahaya Sangha
	DurgaParmeshwariSwasahaya Sangha
Kumta	SaraswathiMahilaSwasahaya Sangha
	Sri LaxmiStreeShakthi Sangha
Bhatkal	Ganga MahilaSwasahaya Sangha
	Jai BhavaniSwasahaya Sangha
Karwar	Sri KalikambaMahilaSwasahaya Sangha
	Durga Mata Swasahaya Sangha

Source: Primary data and random method used

7.1. Data Collection Method

Primary Data

Direct interview schedule and structured questionnaire was prepared and used for collecting data from the rural SHGs 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.

7.2. 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 five taluks of Uttara Kannada district.

7.3. A Statistical Tool Used.

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

7.4. Results and Discussion

The analysis and interpretation of data have done was using Excel and SPSS 16 software.

8. Limitations of the Study

The study is confined with the five taluks of Uttara Kannada District. The data were collected only from those who engaged in income generating activities.

9. Analysis and Interpretation

9.1. Age of Women from different SHGs

Out of the 100 respondents 58% of the respondents are under the age group of less than 30 who are in different SHGs. 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 Group	No. of Respondents	Percentage
Below 30	58	58
30 to 45	24	24
Above 45	18	18
Total	100	100

Source: Primary Data

9.2. 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	No. of Respondents	Percentage
Elementary	4	4
Primary	11	11
Secondary	25	25
Higher Secondary	2	2
UG	3	3
Illiterate	55	55
Total	100	100

Source: Primary Data

9.3. 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-4: Microfinance helps to reduce the Poverty Level

Responses	No. of Respondents	Percentage
Yes	93	93
No	7	7
Total	100	100

Source: Primary Data

9.4. 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-5: Women's Empowered Socially

Responses	No. of Respondents	Percentage
Yes	91	91
No	9	9
Total	100	100

Source: Primary Data

8.5. 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

Responses	No. of Respondents	Percentage
Yes	88	88
No	12	12
Total	100	100

Source: Primary Data

9.6 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

Purposes	No. of Respondents	Percentage
Household	14	14
To Start a Business	58	58
To Promote an Existing Business	6	6
Children Education	9	9
Agriculture	13	13
Total	100	100

Source: Primary Data

9.7. Correlation Test

9.7.1. 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 SHGs.

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

		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 16

9.7.2. Correlation between after joining SHGs and Empowerment of women socially and economically

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

Table-9: Correlation between after joining SHGs and Empowerment of women socially and economically

		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 16

9.8. Average Income before and after joining SHGs

Table-10: Sign Test

Name of SHGs	Average Income Before joining SHG's (Annually)	Average Income After joining SHG's (Annually)	SIGN	
			Positive	Negative
Sri BhavaniStreeShakthi Sangha	55000	80000	+	
Sri YallammaMahilaSwasahaya Sangha	68000	65000		-
Renuka Devi Swasahaya Sangha	58000	100000	+	
DurgaParmeshwariSwasahaya Sangha	75000	120000	+	
SaraswathiMahilaSwasahaya Sangha	100100	100099	0	0
Sri LaxmiStreeShakthi Sangha	85000	98000	+	
Ganga MahilaSwasahaya Sangha	56000	92000	+	
Jai BhavaniSwasahaya Sangha	49000	48000		-

Sri KalikambaMahilaSwasahaya Sangha	69000	73000	+	
Durga Mata Swasahaya Sangha	89000	12200	+	
Total			7	2

Source: Primary Data

SIGN TEST

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

10. 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 SHGs.
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 SHGs 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 SHGs

11. Conclusion

The rural area Self-Help Groups are performing well. The study concludes that Microfinance through different SHGs 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 SHGs 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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