

Micro Finance & Women empowerment: A Study of Stree Shakti Programmes in Bellary District of Karnataka

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Abstract

It is widely accepted that the development process in many parts of the world including India had bypassed the women. Empowerment is therefore a multi-dimensional process, which should enable the individuals to realize their full identity and powers in all spheres of life. Among the various measures targeted towards women's empowerment, the provision of microfinance or small credit assumes crucial importance. A paper looks into the self help group as a "self governed, peer controlled informal group of people with similar socio-economic background and giving a desire to collectively perform common purpose". Therefore an attempt is made in this paper to find out the performance and appraisal of the Microfinance through Stree Shakthi programme of Karnataka at the district level. Stree Shakti is the Karnataka State Governments' Women's programme strictly focused on empowerment of rural women and making them financially, socially and politically capable. Paper observes that Some sections of the poorest of poor find it difficult to participate in stree shakti programme. Since only 0.07% of women are participated in the district, Care should be taken to make them participate in the programme. Reserve the Stree shakti programme women at least under the govt. sponsored programmes like Anganawadi food supplies etc. Paper strongly feels the need of inspection at the beneficiaries level to understand the ground realities further.

1.Introduction

It is widely accepted that the development process in many parts of the world including India had bypassed the women. The rural women in particular are marginalized and form the bottom of the development pyramid. Series of policy measures have been initiated and programmes implemented since last three decades after UN's declaration of international women's empowerment.

Empowerment is a multi-dimensional process, which should enable the individuals to realize their full identity and powers in all spheres of life. Empowerment of women brings equal status to the women, opportunity and freedom to develop her. This also mean to equipping women to be economically independent and personally self-reliant. Women Empowerment is therefore a dynamic process that consist of an awareness-attainment actualization cycle. Again it is a growth process that involves economic enrichment of women.

Among the various measures targeted towards women's empowerment, the provision of microfinance or small credit assumes crucial importance. Money is strength, therefore she should find appropriate employment to support themselves and lead life contributing to the economic status of her family as well as nation Thus the empowered women naturally should be able to participate in the process of decision making

Microfinance is a financial service of small quantity provided by financial institutions to the poor. Besides size and clientele group what makes micro credit different from normal credit is that the latter is 'walk in' and the former is 'walk out' business for the financial institution. Besides, credit is provided with collateral substitute. After the successful operation of the Grameen Bank model in Bangladesh, the concept of microfinance has drawn the attention of the development economists all over the world. The microfinance has became of late a development fad in many less developed countries. It has created a euphoria that is unparallel in the recent history of development practice. India has become home to one of the largest microcredit programmes in the world India's share in the global microcredit market in 2003 was 13% of all clients and 16% of the poorest clients. In the evolution of microfinance industry there are five models based on different philosophies and target groups. They are: 1.Grameen and solidarity model developed in Bangladesh and now popular in South

Asia. 2. Self-Help Groups model popular in India, Indonesia and Kenya, 3. Individual credit- mostly priority sector lending in India. 4. Community Banking – developed in Latin America and replicated in Africa and Central Asia. 5. Credit unions and cooperatives popular in Sri Lanka. The self-help-groups (SHGs) are the latest breeds of the microfinance industries in India. The SHGs proved beyond doubt that they are the fastest growing and most cost-effective micro financial initiatives in the world. In India there have been many significant state initiatives in the major institutional and policy spheres since the early 1990s to promote SHGs and their micro finance activities.

The major institutional initiatives include the SHGs-Bank linkage programme under the overall guidance and supervision of the NABARD. The setting up of the Rastriya Mahila Kosh to refinance microfinance activities of the NGOs and the establishment of SIDBI Foundation for microcredit as a financier of microfinance institutions. On the policy front the RBI has given directives that classified lending to SHGs is a part of priority sector lending. There have been many fiscal initiatives too both from the central and many state governments. The Swarna Jayanti Gram Swarozgar Yojand (SGSY) and Swa-Shakto –a central government scheme exclusively targeting rural women are routed through the SHGs.

2. Need of the study:

Among the various measures targeted towards women's empowerment, the provision of microfinance or small credit assumes crucial importance. Thus the empowered women naturally should be able to participate in the process of decision making. Therefore an attempt is made in this direction to find out the performance and appraisal of the Microfinance through Stree Shakthi programme of Karnataka at the district level.

2.1 Objectives of the study:

The study has following objectives

- 2.1.1. To study the nature and evolution of the Stree Sakthi groups in Karnataka
- 2.1.2. To find out the economic performance of SHG in the Bellary district.
- 2.1.3. To offer suitable suggestion for the better working of SHGs in the district

2.2 Methodology:

The present study is based on secondary data and the thorough observation of the researcher. Tables are prepared in order to arrive at a meaningful interpretation.

3. Evolution of Microfinance Market:

Micro credit has been defined by the Micro Credit Summit held in Washington D.C. in February 1997 as “programmes that provide credit for self-employment and other financial and business services (including savings and technical assistance) to very poor persons.”Micro finance can be interpreted in a broader context both micro credit and micro savings, even though micro credit and micro finance have come to be used interchangeably.

A system of providing small amount of credit to the poor i.e. the delivery of microfinance is not a new phenomenon in India. It began formally with the nationalization of commercial banks in 1969, it gained strength after the introduction of RRBs in 1975. It got momentum by the commencement of IRDP and other poverty alleviation programmes in 1980s. The government has supported microfinance schemes by providing subsidy to the beneficiaries. The approach to microfinance in all these initiatives is individualistic and not group.

Although the microfinance market has expanded rapidly, both in its quantum and coverage till the early 1990s, it failed to reach the poorest among the poor. The individualistic approach to microcredit delivery system has revealed many deficiencies. To highlight a few of them:

i) there is gender inequality in microcredit. The proportion of male in small borrowing accounts and the outstanding credit amount exceeded 80% as against the share of female hanging around 14% to 16% in both respects, ii) The high transaction cost involved in reaching out the poor, both for banking institutions and the borrower, iii) Improper identification of borrowers and or loan purposes which lead to misuse of credit, non-repayment of loan and eventually resulted in mounting Non Performing Assets of banks, iv) Formal banking agencies are involved in multiple activities and hence cannot devote the attention to the poor women they deserve. v) Finally there was lack of mutual trust and confidence between the bankers and the rural poor.

3.1 Group Approach:

Due to the problems mentioned above banks were skeptical about the business viability of microfinance sector. Against this background the group approach towards microfinance has been conceived and its delivery by non-governmental organization and non-formal groups has started. The earliest step in microfinance in India by the NGO may be traced to the initiative undertaken by the Self-Employed Women's Association (SEWA). The SEWA has been providing banking services to the poor and self employed women working as hawkers, vendors and domestic servants etc. in Ahmedabad. Similarly working women's cooperative societies in Tamil Nadu since 1980, Shreyas in Kerala since 1988 are the examples of the organizations involved in microfinance operations. By the same time a good number of NGOs spread throughout the country began to sponsor loan to the poor and encouraged the poor to organize them-selves as self-help-groups. An important mile-stone in this direction is NABARD's SHGs Bank linkage programme started in 1991. The RBI has also encouraged the growth of SHGs by pursuing a policy of reckoning credit to SHGs as priority sector credit. Several state governments including Karnataka are giving some financial assistance in the form of seed money to these self-help-groups.

4. Self-Help Group

A self help group is defined as a "self governed, peer controlled informal group of people with similar socio-economic background and giving a desire to collectively perform common purpose". It is a homogeneous group of poor people voluntarily coming under to save whatever amount they can conveniently out of their earning to mutually agree to contribute to a common fund and 'to lend to the members for meeting their productive and emergent needs. Self Help Groups (SHGs) have been able to mobilize small savings either on weekly or monthly basis from persons who were not expected to have any savings. They have been able to effectively recycle the resources generated among the members for meeting the emergent credit needs of members of the group.

The SHGs generate a common fund out of small savings, promoted on a regular basis among members by curtailing unproductive expenditure. Sometimes the internal savings are supplemented by external resources loaned/donated by voluntary associations involved in promoting and strengthening the groups. The funds thus created are used for giving loans to its members. Such loans include consumption loans and production loans. The consumption include subsistence needs, health care, social and religious ceremonies etc. the production loans are for the purpose of purchase of agricultural inputs, investments on poultry, sheep and for small business like vending, hawking etc. the credit needs of members are usually assessed in group meetings.

4.1 Linking SHGs with Banks and Need for Linkage:

In India, efforts are made to promote micro finance in a sustainable manner. An important vehicle for this has been the SHG programme and its linkage with banks. Self help group meets the smaller consumption and emerging needs of members from its own savings and common fund generated. As the age of the group increases the capacity of the group and credit also goes up. By this time the group would have acquired enough experience to manage the finances but the funds available are not adequate. At this stage group needs the support of the financial institution.

4.2 Procedure for extending bank finance:

Banks may lend directly to SHGs or through bulk lending to NGOs for lending to groups. If lending is directly from bank to the group, the quantum of credit given to the groups should be in proportion to the savings mobilized by the group. Savings-Credit ratio may be 1:1 or 1:2 initially which can be raised to 1:4 depending on the confidence gained by the bank. Linking programme is advantageous to banks, self help groups and also NGOs.

The NABARD's SHGs Bank linkage programme helps to meet the credit needs of the poor by combining the flexibility, sensitivity and responsiveness of the informal credit system with the strength of technical, administrative capabilities and financial resources of the formal finance institutions. Progress of SHGs-Bank Linkage is given in table.

The SHGs Bank linkage programme across the country has shown remarkably uneven growth. The better off states, mainly in the south have dominated the linkage programme. While the states in the poorer north and east of India where it is so much needed in the struggle against poverty have lagged behind.

The various schemes like DPAP, NREP, SFDA, MFAL FWP IRDP etc despite their volumes, it has been ascertained that these subsidized financial programmes, implemented through banking institutions, have not provided financial services to the poor in an effective, efficient and sustainable manner. This is on account of several defective features in the planning and implementation of these government sponsored programmes, contrary to the experience of the past in the field of subsidized credit under various poverty alleviation programmes, the new experiments in micro finance are able to demonstrate that it is possible for financial institutions to provide financial services to the poor in an effective, efficient and sustainable manner. Along with MGNERGA-2005 recently has been the most comprehensive programme intended for improving the livelihood security of the rural masses, almost crossed 20 crores rural households, in general and women in particular.

4.3 Advantages of Linkage Programme to Banks:

1) Mobilisation of small savings. 2) The problem of dealing efficiently and economically with a large number of small borrowers is overcome through self help groups. 3) As the task of assessing individual credit needs, sanctioning, supervising credit and monitoring the repayment are externalized, the transaction cost is considerably reduced. 4) Assured and timely repayment because of group supervision, which leads to faster recycling of funds.

Advantages to NGOs: 1. Recognition as socio-economic change agents and 2. Emergence as bridge between poor and the bank.

4.4 Stree Shakti Programme

Stree Shakti is the Karnataka State Governments' Women's programme strictly focused on empowerment of rural women and making them financially, socially and politically capable. This programme launched by Women Child Welfare Department of Karnataka State in October 2000.

4.5 Vision of Stree Shakti programme:

Empowerment of rural women and making them financially and socially capable. Mission of Stree Shakti programme is to make rural women self dependent by organizing 20 lakh women into one lakh self help groups. Economic strength is considered as the basis of social, political and psychological power in society. The main causes for women's low status are; Low Economic Status, Lack of access to education, training, credit and business. Being in the unorganized sector of the economy, restricted mobility, and lack of opportunities to express their abilities and leadership qualities, because women's economic position is weak, women are viewed more as liabilities than assets. Hence the empowerment of usual women is the need of the hour. Ron Jemke and Dick Schaff explain the word empowerment in

their book “The Service Edge” in a beautiful way- “empowerment means encouraging and rewarding people for their effort, imagination and initiative and tolerating their mistakes with a smile when well intended efforts fail to work as planned”.

The basic strategy adopted in Stree Shakti Programme for the empowerment of rural women comprises the following activities:

- 1.This is a programme especially for the deprived section of women in the rural areas.
2. Self help groups are formed through Anganwadi workers in rural areas with about 15 to 20 women in each group. While forming these groups, preference is given to landless women, agricultural labourers, SC/ST families.
3. The operating venue for this SHG is the local anganwadi.
4. The women meet every week and pool in a fixed amount of money collected from their earnings.
5. The money collected from these activities is then lent out to any needy member of the group as loan. In this way these groups function as self-help banks.
6. Regular interactions, exchanges and exposures provide an opportunity to express their ideas, provide collective learning and build confidence and a positive self image.
7. It is left to the decision of the group to decide the rate of interest to the group to decide the rate of interest to be levied on the loan given to the members.

Anganwadi workers help the group to manage its activities during the first six months. After the first six months the groups have to take measures to initiate internal loans in a small scale and open savings account compulsorily in a bank.

The Karnataka State Government encourages these SHGs by sanctioning revolving fund of Rs. 5000 to the group which maintains saving for at least six months. At this stage SHGs can start loan activities by using the members’ savings and the revolving funds.

Bank will prescribe appropriate repayment period also in consultation with the group. Loans from bank to SHGs should be normally in regular monthly installments taking into account the local condition, activities undertaken etc.

As on 30th November 2010, there are 140000 Stree Shakti Groups in Karnataka involving a total of 20.73 lakh women. The groups holding bank accounts number 72,886. The total loan of Rs 1125.59 disbursed to 124000 groups with internal loan of Rs 1906.00 lakhs with greater savings capacity of Rs 835.25 crores.

4.6 Progress of Stree Shakti Programme in Bellary:

From the table it is clear that as on 30th November, 2010 there are 4870 Stree Shakti Groups in Bellary District of Karnataka. It covers total of 76987 women.(0.07% to the total female population of the district)The total savings of these groups stands at Rs 3528.59 lakh. It is clearly revealed from table that Bellary taluka enjoys highest number of women under SHGs with maximum savings and availed maximum loan amount compare to other talukas. It is mining taluka to be noted. The average loan per women in district was Rs 5345, Hospet taluka gets highest average loan of Rs 6374. The same taluka maintains highest recovery rate. This is also a mining taluka where the flow of money is more, is also to be noted. Overall mining talukas SHGs performance is better than the non-mining talukas like Kudligi, HB Halli and siriguppa. These talukas have also shown poor recovery compare to mining talukas. It can be concluded that the SHGs are more attractive in mining talukas and less attractive in the non-mining talukas. How best it can be made more attractive is to be answered by further research.

It has been observed that the some of the groups are given opportunities to make use of the development services available in various departments. These include,

1. Literacy Programme for illiterate members in these groups are made available through the Directorate of Mass Education.
2. Opportunity for higher education is provided through Indira Gandhi National Open University.
3. Departments like agriculture, horticulture, industry and rural development have given technical support in activities helpful for women.
4. Silk Board has been organizing training programmes for women groups about sericulture, producing silk yarn using

motorized spinning wheels, cocoon culture etc. 5. the departments like animal husbandry, sheep development corporation and Khadi and Village Industries Commissions have also given technical support these groups.; 6. The Women and Child Welfare Department is getting assistance to these groups through the SC and ST Development Corporation to Scand ST Women in this groups.7. District level Stree Shakto Co-ordination Committees are set up under the Chairmanship of the District Collector. The committee meets on a regular basis and reviews the progress achieved by these groups in terms of savings, internal linking and credit linkages with banks. 8. Besides Government departments, banks are coming forward to make stree shakti groups as their target clients.

Attempts are also made to coordinate the activities of self help groups with the government's self employment schemes. To encourage stree shakti groups which show outstanding performance in terms of savings, the State Government has been giving additional incentives. SHGs which save more than Rs 75,000 gets more than Rs 15,000 and those saving more than Rs 1 lakh get an incentive of Rs 20,000 each. Many groups have bagged incentive of Rs 15,000 each and Rs 20,000 each. Women and Child welfare department of Bellary district spent a few lakhs of rupees on training members of SHGs along with about 1000 anganwadi workers.

When the workers of the district are reeling under the shock of effects of globalization, downfall of mining floods& erratic rains, stree shakti has arrived as a Saviour. SHGs shown new ways of earning for women. Women skills are no longer limited to making beedi, candle papads, fryums of pickle. They have expanded their horizons to poultry farming, sheep rearing, handicrafts, making products from wool and other such economically viable jobs. They are encouraged to participate in the exhibition and city fair in the Bellary.

5. Suggestions

Microfinance or small amount of credit is essential input in poverty alleviation and women empowerment. The provision of microfinance to the poor was made in India since 1970s under various poverty alleviation and women empowerment programmes. But it has not made a major dent on poverty alleviation. This is either because of wrong choice of beneficiaries/avocations of of inherent problems in the credit delivery mechanism. The major lacunas in the system were that the beneficiaries of the scheme perceived the credit and subsidy as dole or charity. This resulted in the non-payment of loan and mounting NPAs of banks as seen in the Kudligi, HB halli & Siriguppain the district.

1. Credit, in reality plays a more powerful economic, social and political role. Apart from its availability, credit should be available to poor at lower rate of interest. At present SHGs are lending to members at the rate between 16% to 36%. How do the poor pay such a high interest rate? Therefore, the rate of interest on loans to SHGs members from the group should not be more than 12%. Moreover revolving fund is insufficient; it should be in accordance with the growth of the sector.

2. Stree Shaktee programme is basically a graduation process for socio-economic empowerment of the poor, providing financial services to them and preparing them to take up activities and bulk credit for poverty alleviation. It is a slow process requiring time, efforts and training. . This needs thorough inspection at the beneficiaries' level to understand the ground realities further.

3. Some sections of the poorest of poor find it difficult to participate in stree shakti programme. Since only 0.07% of women are participated in the district, Care should be taken to make them participate in the programme. Reserve the Stree shakti programme women at least under the govt. sponsored programmes like Anganawadi food supplies etc. Thereby job opportunities can also be increased. There is overall a need for conducting the necessary research to find out the following:

- a) How many years are required for poor women to come out of poverty through stree shakti programme.
- b) How many have crossed poverty line through stree shakti programme is to be researched
- c) To find out the difference, if any in the participation of women in house management before and after participation in the stree shakti programme.
- d) To know whether there is any change in the interaction styles of women with women and child welfare department officials before and after participation in the stree shakti programme.

Table 1. Stree Shakthi progress of the Bellary district as on 30th November 2010

Sl No	Name of Taluks	No of SHGs	No of Women	No of groups having linkage for loans	Total loan amt taken from bank	Savings	Revolving Fund released by Govt	Loan amt disbursed by SHG	Total repayment to SHG
1	Bellary	850	14728	845	881.42	839.99	42.50	1226.06	836.48
2	Sandur	650	10023	650	567.92	561.65	32.50	767.66	512.68
3	HB Halli	600	9267	593	385.91	329.10	30.00	575.74	443.9
4	Siriguppa	730	11080	712	540.92	382.30	36.50	671.22	339.82
5	Kudligi	750	11378	746	597.19	544.54	37.50	826.37	521.94
6	Hadagali	640	9706	614	451.52	371.45	32.00	706.99	422.97
7	Hospet	650	10805	647	688.77	499.86	32.50	884.25	629.95

Sources: DD ,women and child welfare dept. Bellary

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