

**ECONOMIC EMPOWERMENT OF WOMEN THROUGH MICRO
CREDIT: A CASE STUDY OF DHARWAD DISTRICT**



(University with Potential for Excellence)

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CHAPTER 7

SUMMARY OF FINDINGS, CONCLUSION AND SUGGESTIONS

7.1. INTRODUCTION

Empowerment in the context of women's development is a way of defining, challenging and overcoming barriers in a woman's life through which she increases her ability to shape her life and environment. It is an active, multidimensional process which should enable women to realize their full identity and power in all spheres of life. The rural poor with the assistance from NGOs and various microfinance institutions have demonstrated their potential for self-help group to secure economic and financial strength. Various case studies prove that the credit availability has impact on women's empowerment. Thrift is a very important indicator of a group's success because consistent growth in thrift is a clear indication of the growing confidence of the members in the group. Collection of thrift is a major activity of the SHGs. The poor who need money for purchase of various consumption goods quite often meet their contingencies by borrowing from professional money-lenders and others at high rates of interest. SHGs have been extremely effective in creating the habit of savings among the rural poor and mobilizing it for common good. Government and NGOs should look beyond credit and follow the 'credit with social development' approach. Policy implications and programme attributes are to be framed to achieve better results in reducing poverty and empowering women.

Micro-credit is the provision of financial services to poor people. It is the extension of small amounts of collateral free institutional loans to individuals or to jointly liable group members for their self-employment and income generation. The innovative scheme of micro financing has transmitted the real economic power in the hands of women through Self Help Groups (SHGs) and has significantly reduced their dependence on men. This has helped in empowerment of women and economic independence of women. The experiences of several SHGs (Self-Help Groups) reveal that rural poor are

actually efficient managers of credit and finance. Availability of timely and adequate credit is essential for them to undertake any economic activity rather than credit subsidy. Banking for the “unbankable” through Social Health Groups is a valuable contribution to development planning as it presents an alternative development tool. SHGs have the potential, and have remedy for many of the deficiencies of the formal banking system in rural areas and to empower women economically and socially by acting as a bridge between women living in poverty and the formal financial sector. This gradual and evolutionary growth process has given a great boost to the rural poor in India to reach reasonable economic, social and cultural empowerment, leading to better life of participating households (Murthy, 2013).

Many of the studies under review have not adequately addressed the dynamics of SHGs which includes the following aspects. What are the socio-economic household characteristics of SHG members? What are the major problems that are being faced by the members of SHGs & particularly in case of women? What is the relationship between women empowerment and SHGs? What is the standard of living of SHG members? These aspects though important they have not been examined comprehensively as yet. As is evident from the review of literature, most of the studies attempted to identify the few aspects of self help groups and women empowerment either at all India level or at the state level. But, enough attention is not paid to understand the various aspects of self help groups and their role in women empowerment, employment generation, income creation, assets creation and changes in socio-economic status of women.

Against this backdrop the present study has been under taken with the following objectives; to study the progress of SHGs in India and Karnataka; to analyze the socio economic characteristics of the SHGs members; to examine the formation and functioning of the sample women SHGs in the study area ;to evaluate the changes in terms of employment level, income and assets of the SHG women in the study area between pre-SHG and post-SHG period; and to suggest measures for policy changes for better implementation of SHG-Bank linkage and micro -finance programmes.

The present study is a descriptive one based on survey method employing both the primary data and secondary data. Multi-stage random sampling technique was adopted for collection of the primary data. Simple statistical tools and techniques like average, ratio, percentage, were employed for analysis of data.

7.2. MAIN FINDINGS OF THE STUDY

The important finding drawn from both the secondary and empirical data are summarised as follows;

7.2.1 Self Help Groups in India and Karnataka: An Analysis

- The proportion of SHGs savings with bank tended to increase with increasing years i.e., from 2010-11 to 2017-18 except during 2012-13. The proportion of SHGs savings with bank got declined during 2012-13.
- The proportion of savings amount of SHGs with bank tended to increase with increasing years i.e., from 2010-11 to 2017-18 except during 2011-12.
- It has been found that the total 73.90 lakhs women SHGs were having savings with bank at all over India up to 2017-18. Further the proportion of women SHGs savings with bank tended to increase with increasing years i.e., from 2010-11 to 2017-18 except during 2012-13.
- The proportion of savings amount of women SHGs with bank tends to increase with increasing years i.e., from 2010-11 to 2017-18 except during 2011-12.
- The data shows that in India the banks have disbursed loaned to 22.61 lakhs to SHGs during 2017-18. The proportion of loan disbursement to SHGs (cumulative) got declined during the period from 2010-11 to 2011-12 and thereafter it tended to increase with increasing years upto 2017-18.
- The proportion of loan disbursement amount to SHGs tended to increase with increasing years i.e., from 2010-11 to 2017-18. The proportion of

loan disbursement amount to women SHGs tended to increase with increasing years i.e., from 2010-11 to 2017-18.

- The data reveals that at the all India level 50.20 lakh SHGs (57.41% of total SHGs) were having credit outstanding of Rs.75,598 crore during 2017-18 as against 48.48 lakh (56.53%) SHGs with credit outstanding Rs. 61,581 crore during 2016-17.
- The proportion of quantum of loan outstanding with SHGs was found to be quite significant during 2014-15 and 2017-18.
- The data indicates that at all India level 45.49 lakh women SHGs were having credit outstanding of Rs. 70401.73 crore during 2017-18 as against 42.84 lakh women SHGs with credit outstanding of Rs. 56444.24 crore during 2016-17.
- The proportion of quantum of loan outstanding with women SHGs tended to increase with increasing years i.e., from 2010-11 to 2017-18.
- The SHGs of women in Karnataka have been identified as an effective strategy for the empowerment of women in rural areas as well as in urban areas.
- It has been found that the share of SHGs is relatively higher in Southern Karnataka as compared to the share of SHGs in Northern Karnataka.
- The data shows that the proportion of SHGs membership was found to be much higher in Others caste as compared to that of in SCs and STs in all the districts of Karnataka during 2015-16.
- The data on savings accumulated by SHGs reveals that the proportion of savings accumulation is much higher in socio- economically better off region of the Karnataka viz., Southern Karnataka as compared to that of in socio economically backward region of the Karnataka viz., Northern Karnataka.

- It has been observed that the proportion of total loan received from bank by SHGs was found to be quite significant in Mandya, Hassan, Tumkur, Ramanagar, and Udupi districts as compared to that of in other districts of Karnataka during 2015-16.
- Further the data relating to revolving funds received from government by SHGs indicates that the proportion of SHGs who have received highest revolving funds from government was found to be much higher in Belgaum, Tumkur, Hassan, Chitradurga and Mysore districts as compared to that of in others districts in Karnataka during 2015-16.

7.2.2 Profile of the Study Area

- Karnataka is the eighth largest state in India in terms of geographical area. Similarly, in terms of population, Karnataka is the ninth largest state in India.
- According to the Census of India 2011, Karnataka had a population of 61 million, accounting for 5.05 per cent of India's population. The state has registered 75.36 per cent literacy rate in 2011.
- Karnataka state consists of 30 districts. Only one out of 30 districts, namely Dharwad has been selected for the present study. The size of geographical area of Dharwad district is 427329 hectares.
- Dharwad district has five revenue and administrative taluks. It has been observed that the medium to deep black soils occur in major parts and red sandy soils in some other parts of Dhawad district.
- It is found that both normal and actual rainfall was found to be lower in Dharwad. In Dharwad district, major share of the cultivated area is dependent on monsoon rainfall.
- The percentage of net cropped area under irrigation is as low as 19 per cent in Dharwad district. The data reveals that the proportion of area under forest to total geographical area was significantly lower in Dharwad. The

proportion of land not available for cultivation was slightly lower in Dharwad.

- The proportion of area under other than cultivated land which constitutes the major segment of common property resources (CPRs) was also much lower in Dharwad as compared to that of in State average. The proportion of net sown area in Dharwad was found to be higher than that in the State.
- The rate of literacy was found to be higher in Dharwad as compared to that of in State average in 2011. Going by gender, it was quite significant in respect of males vis-à-vis females.
- The data on distribution of workers to total population, termed as work participation rate (WPR) was found to be lower in Dharwad in 2011. Whereas, the proportion of non-workers was found to be higher in Dharwad as compared to that of in State average.
- The data on percentage distribution of workers to total main workers reveals that the proportion of cultivators was lower in Dharwad than in State. While the proportion of agricultural labourers is found to be slightly higher in Dharwad as compared to that of in State. Whereas the proportion of Other workers was estimated at 50.51 per cent.
- The proportion of small, medium and large scale industries was found to be quite lower in Dharwad district as compared to that of in State average.

7.2.3 Socio-Economic Status of the Self Help Groups Members

- A comprehensive analysis on socio-economic profile of the sample SHGs members indicates that among total sample SHGs members a majority are Hindus, followed by Muslims and the Others.
- The data on distribution of sample SHGs members by social groups in selected taluks shows that a majority of i.e., 63 per cent sample SHGs members belong to other backward classes. 19 per cent, 11.5 per cent and 6.5 per cent of the samples workers belong to other upper Hindu caste, Scheduled caste and Scheduled Tribe category, respectively.

- It has been found that the proportion of sample SHGs members tended to increase with increasing age groups up to certain level i.e. from 18-28 to 39-48 years and thereafter declined.
- The data indicates that out of 200 samples the largest proportions of 79.5 per cent SHGs members are married. Whereas, the 12.5 per cent sample SHGs members are unmarried. However, among the married SHGs members, 5.5 per cent, and 2.5 per cent are widows and are separated from their husbands.
- The data on distribution of sample SHGs Members by level of education in selected taluks that is out of 200 sample workers a majority of SHGs members are literates. Among the literate SHGs members, the highest proportion of SHGs members had higher secondary level of education.
- It has been observed that a significant number of SHGs members are having nuclear family. Across taluks, the proportion of SHGs members who are having nuclear family was found to be higher in Dharwad taluk as compared to that of in Kundagol taluk.
- The data on distribution of sample SHGs members by housing conditions in selected taluks indicates that out of 200 samples a majority of 69 per cent SHGs members were staying in Pucca houses. Similarly, a large proportion of 51 per cent were staying in Semi Pucca houses. Whereas, a minimum of 24 per cent were staying in RCC houses. However a noticeable proportion of 18 per cent were staying in Katcha houses.
- Across taluks the share of sample SHGs members who are staying in Katcha and semi Pucca houses was found to be higher in Kundagol taluk as compared to that of in Dharwad taluk. Whereas the share of sample SHGs Members who are staying in Pucca and RCC house was found to be significant in Dharwad taluk as compared to that of in Kundagol taluk .
- The data on distribution of sample SHGs members by sanitation facility in selected taluks indicates that a higher proportion of sample SHGs

members have individual toilet while smaller proportion of SHGs members have access to community latrines.

- The data shows that of the total sample SHGs members, all of them have electricity connection. However, among them, at the aggregate level the proportion of sample SHGs members with own electricity connection was found to be relatively higher as compared to the sample workers with electricity connection under Bhagya Jyothi.
- The data illustrates that in the study areas the private and public taps are the prime sources of drinking water together accounting for 73.00 per cent, followed by tank (13.0 per cent), open well or pond (10.5 per cent) and bore with hands pump (3.5 per cent).
- The proportion of sample SHGs members with BPL cards was found to be quite significant as compared to the sample SHGs members with APL card. Across taluks, the proportion of sample SHGs members with BPL Annapurna and BPL Antyodaya was found to be quite higher in Kundagol taluk as compared to that of Dharwad taluk.
- The data illustrates that the household asset position of the entire sample SHGs members was found to be very much satisfactory. The empirical data shows that the household asset position of the sample SHGs members in Dharwad taluk is better than that of the sample SHGs members in Kundagol taluk.
- The data shows that the proportion of sample SHGs members who are landless was found to be quite significant as compared to the sample SHGs members with land. However among the sample SHGs members with land, it is found that the possession of land by the sample SHGs members is very small that is not economically viable to support their household.
- The data on distribution of sample SHGs members by occupational pattern in selected taluks indicates at the aggregate level a majority of SHGs members are working as agricultural laborers. While of 18.5 per cent

SHGs members are engaged in dairy farming activity. Further 16.5 percent SHGs members are working as non-agricultural labourers. Similarly, the percentage of marginal and small farmers was accounted for 11 per cent and 4.5 per cent, respectively.

- The data shows that of the total 200 sample SHGs members a majority of SHGs members had an annual household income in the range between Rs. 60001 –Rs. 110000. It has been also found that the share of sample SHGs members whose annual house hold income is in the highest income slabs was found to be significant in Dharwad taluk as compared to that of in Kundagol taluk.

7.2.4 Formation and Functioning of Sample SHGs and Impact of Micro Credit: Emerging Issues and Evidences

- The data on distribution sample SHG members by source of motivating to join in SHGs indicates that of the total sample a majority of sample SHG members reported that they are motivated by themselves and NGOs to join SHGs. Where as a minimum of the sample SHG members are motivated by friends and relatives and neighbours.
- The data on distribution sample SHG members by motivating factors to join in SHGs reveals that of the total sample a majority sample SHG members reported that they have joined SHGs to supplement to family income. While a minimum proportion of the sample SHG members reported that they have joined SHGs for other reasons such as to develop their social status and to increase knowledge.
- The data shows that a little above half of the sample SHG members participated in SHG over a period of above six years, followed by nearly one third of the sample SHG members, who are in SHG for a period of 3-6 years.
- The data indicates that a significant proportion of 71 per cent of the sample SHG member's group size is less than 10 members. Whereas a

minimum of 29 per cent of the sample SHG members group size is more than 10 members.

- The data reveals that only 30 per cent of sample SHG members stated that they knew the rules and regulations of the functioning of the SHGs, while a majority of 56.5 per cent of sample SHG members stated that they did not know the rules and regulations.
- The data shows that a majority of 95.5 per cent of the sample SHG members stated that there are no group conflicts within their group and the rest of 4.5 per cent of the sample SHG members stated existence of group conflicts within their group.
- It is noticed from the data that a majority of 86.5 per cent of the sample SHG members attended all the group meetings. While of 11 per cent of the sample SHG members attended the group meetings whenever it was convenient for them. Whereas the smaller proportion of 2.5 percent of the sample SHG members reported that they attended the group meetings rarely.
- The data on distribution sample SHG members by purpose of loan obtained clearly shows that a majority of 45.5 per cent of the sample SHG members have obtained loans for service and business purpose. Whereas a minimum of 22 per cent of the sample SHG members have obtained loans for investment in their artisan work.
- The data shows that a majority of the sample SHG members (93.5 per cent) are paying total installment of the bank loan on time. Whereas, the rest of 6.5 per cent of the sample SHG members are repaying more than three fourths of the installment on time.
- The data indicates that a majority of 47 per cent of the sample SHG members reported that functioning of the SHGs is extremely satisfied.

While nearly 32.5 per cent of the sample SHG members reported that functioning of the SHGs is moderately satisfied.

- The proportion of employment generation was found to be very high in post-SHG period compared with in pre-SHG period in all the categories during the study period. Going by categories, the percentage increase in employment is very high in OBC category, and it is the least in ST category. Across taluks a similar trend by and large was observed.
- The proportion of employment generation was found to be quite significant in higher secondary and above and secondary level of educated SHG members as compared to that of in illiterates and primary of educated SHG members.
- Occupation-wise analysis shows that the percentage increase of employment in case of SHG members is recorded the highest in Others and it is the least in agricultural labourers.
- Across taluks the proportion of employment generation was found to be higher in Dharwad taluk as compared to that of in Kundagol taluk in all the occupational categories.
- The data on community-wise income among sample SHG members shows that the percentage increase in income is found to be highest in case of Others and it is least in ST category.
- The proportion of income generation was found to be quite significant in higher secondary and above level of educated SHG members as compared to that of other level of educated SHG members.
- Occupation-wise analysis indicates that the percentage increase of income in case of SHG members is recorded the highest in rural artisans and it is the least in cultivators.
- Across taluks the proportion of income generation was found to be higher in Dharwad taluk as compared to that of in Kundagol taluk in all categories.

- The data indicates that the expenditure incurred by the sample SHG members is comparatively very high in post-SHG period with the pre-SHG period. It is interesting to note that the expenditure incurred by STs and SCs is very high in Post-SHG period comparatively with OCs and OBCs.
- Going by level of education the proportion of expenditure was found to be quite significant in higher secondary and above level of educated SHG members as compared to that of other level of educated SHG members.
- The expenditure incurred by agricultural labourers is high compared with the other occupations in post-SHG period, the least expenditure is recorded in Other occupations.
- Across taluks the proportion of expenditure among sample SHG members was found to be higher in Dharwad taluk as compared to that of in Kundagol taluk in all the occupational levels.
- The community-wise analysis shows that the proportion of average household savings was found to be quite significant in STs as compared to that of in other social groups. Across taluks a similar trends by and large was observed.
- The proportion of average household savings was found to be quite significant in higher secondary, and above level of educated SHG members as compared to that of other level of educated SHG members.
- The data on occupation-wise average household savings among sample SHG members shows that the agricultural labourers recorded the highest saving rate and the rural artisans recorded the least saving rate .
- Across taluks the proportion of average household savings among sample SHG members was found to be higher in Dharwad taluk as compared to that of in Kundagol taluk in all the occupational levels.

- It has been observed that with regard to sample SHG members, ST category stood top recording in creation of assets after forming SHGs and it is the least in OBCs category.
- The proportion of asset creation was found to be quite significant in higher secondary and above level of educated SHG members as compared to that of other level of educated SHG members.
- While the proportion of asset creation was found to quite significant in rural artisans constituting followed by cultivators, agricultural labourers and Other occupations.
- Across taluks the proportion asset creation among sample SHG members was found to be higher in Dharwad taluk as compared to that of in Kundagol taluk in all the occupational levels.

7.3 POLICY SUGGESTIONS

In the light of the findings of empirical study, the following suggestions are offered for the effective role that the SHG programme can play in the economic empowerment and improvement of the quality of life of the poor/ low-income rural women.

- The performance of SHGs in terms of savings, access to micro credit was significantly better. Therefore, it is quite appropriate to encourage the people's oriented organizations or groups to come forward to mobilize the poor households into a platform known as self-help group and initiate several savings and credit management activities.
- Governmental and non-governmental organizations should work in tandem, motivating the low-income rural women to form into SHGs and eventually become members of the SHG groups.
- In spite of the several advantages experienced by the members after joining SHGs, majority of them were not independent enough to make their own decisions at home. The NGOs and voluntary agencies need to

work towards educating these disadvantaged women regarding gender equality and other gender-related issues.

- Social capability- building programmes should be organized from time to time to train the NGOs activists, volunteers, Panchayat representatives, members of youth clubs etc., to promote small savings and women's active and positive role in development process, ensuring their rights, entitlements and due share in developmental benefits repayment ethics must be inculcated among the women members.
- Banks need to insist on micro-credit plans for the SHGs for proper appraisal of the SHG Loans.
- Care should be taken to see that the credit is used for the purposes mentioned in the actual plan submitted to the bank.
- The knowledge of the skills required to run the income-generating activities must be updated.
- Awareness needs to be inculcated among the members of the SHGs about legal literacy, rights and gender awareness, social issues like bigamy, child labour, domestic abuse of women at home, etc, which are essential to create self confidence in them.
- Success stories of the members of the SHGs, who have made most of the programmes successful and become economically self-reliant and socially self-confident, must be given wider publicity among the non-beneficiaries so that they too are inspired and motivated to form into SHG members.
- The factors responsible for poor performance of micro finance and functioning of the SHGs should be investigated, examined and analysed thoroughly in order to resolve the emerging problems, difficulties and challenges being faced.
- All the members in SHG's may not have the same caliber and expertise. NGO's can identify the inefficient members of the group and can impart proper training to them in order to make them competent for this purpose

short term training programmes can be arranged at the panchayat level.

- The performance of SHGs in terms of savings, access to micro credit was significantly better. Therefore, it is quite appropriate to encourage the people oriented organizations or groups to come forward to mobilize the poor households into a platform known as self-help group and initiate several savings and credit management activities.
- A smaller proportion of SHGs members belonged to the SC and ST communities continued to be deprived of establishing the non-agricultural self-employment. Hence, the members of this community should be encouraged to set up such non-farm business by providing adequate micro credit or skill based training.
- NGOs and Voluntary organizations should be associated in the process of SHGs. They can help, motivate, organize and make them conscious of the poor.
- The SHGs member should take SHGs only as a tool and as a solution of the problem by itself. The member themselves is the solution for poverty and unemployment.
- The SHGs member should be honest, disciplined, hardworking, sincere, straight forward etc. Member should continuously monitor their performance against goals set by the group and should be bold enough in initiating correlative measures.
