



Women Empowerment in Karnataka through Entrepreneurial Finance by SHGs

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ABSTRACT

In the current development paradigm and globalization, empowerment of the so far neglected target groups (women, poor, deprived etc.) has received an excessive importance. Micro-finance has become one of the most effective interventions for economic empowerment of the poor. Empowerment of rural women is nothing but development of self esteem, confidence, realization of their potential and enhancement of their collective bargaining power. Self-Help Group (SHGs) is a potential source to empower and institutionalize participatory leadership among the marginalized and to identify, plan and initiate development activities.

The study is to analyze the response of the SHG members towards entrepreneurial finance and financial inclusion. The study used interview method for collection of primary data, the respondents are rural women who have undertaken micro-entrepreneurial activities. The study used tools like tables, charts etc for the analysis and interpretation of data. The empirical study revealed that the majority of rural women (96%) became entrepreneur because of SHGs and their financial support. The study has also revealed the extent of women participation in financial decision making. To conclude Self Help Groups (SHGs) are successful in the empowerment of women through entrepreneurial finance to rural women entrepreneurs.

KEYWORDS : SHGs, Financial Inclusion, Entrepreneurial Finance, Micro-entrepreneurs, financial decision making, Rural women, women entrepreneur, empowerment

Introduction

India, a country backed by agriculture, is planning for the uplift of standards of rural citizens especially women. This has become an agenda for all economic, political and social programs of the Government. Rapid change in the rural standard of living and highly fluctuating inflation, created a necessity for financial inclusion of rural women. Financial intermediation and inclusion are the issues which are causing most of the social crisis in the rural part of India. In India, Self Help Groups or SHGs represent a unique approach to financial intermediation and inclusion.

SHGs are generally formed and developed by NGOs, which will be included in their Micro finance projects. However, off late, Government, directly or through agencies started supporting SHGs under different schemes. SHG is generally formed by rural women and it consists of 15 to 20 members. It functions on the principle of equality and sharing is caring.

Entrepreneurial finance is the study of value and resource allocation, applied to new ventures. It is a field oriented to help entrepreneurs make investment and financing decisions, from startup to harvest. Entrepreneurial finance in relation to SHG and rural women can be stated as “a financial support extended to rural women, by SHGs for starting new venture or generating new source of income”. This is a tool used by SHGs for financial inclusion of rural women.

Need for the study

The reforms pertaining to the monetary policies and the macro economic policies over the last few years have influenced the growth of Indian financial sectors nearly by 8.5% a year. Despite of this, India is home to the largest unbanked population in the world. Sixty five per cent of adults across the country are excluded from the formal financial system.

Hence, with the above in the background, promoting untapped entrepreneurial skills of rural women and converting them into a micro entrepreneur to include them in the main streams of financial services for the rural empowerment calls for a detailed research.. In this context, an exclusive survey was conducted for the SHG members of Tirthahalli Taluk in Shimoga district in Karnataka and the response was studied.

Objectives of the study

1. To study the response of the SHG members towards entrepreneur-

ial finance and financial inclusion

2. To evaluate the role of SHGs in entrepreneurial development based on the responses collected in the first objective.

Therefore the title of the study is “Women Empowerment in Karnataka through Entrepreneurial Finance by SHGs”

Review of literature

Various research studies and articles including research papers focus on few of the interesting facts of SHGs to validate the need for women empowerment through entrepreneurial finance to micro entrepreneurs in Karnataka:

- According to Sarkar & Baishya (2012) Results suggest that women's access to credit has a role in improving the household decision making capacity, workforce participation rate and control over resources and even political and legal awareness, thereby opening/opportunity for greater empowerment of women
- Makandar (2011) has stated in his research, Women have been actively participating in decision making process after becoming members of SHG in the areas like consumption of household items, education of children and their marriage, number of children, family finance etc.
- The Malaprabha Grameena Bank (2010) is observing August as SHG linkage month. Chairman of the bank B S Surendra said that the bank has identified 8,000 SHGs and has disbursed a loan of Rs 19.73 crore to 5,347 SHGs.
- Satya Sundaram (2005) stated that micro-finance in India is making steady and satisfactory progress. NABARD has set a goal of covering 10 million poor, i.e. one third of the country's poor population through one million SHG's by 2003.
- Kallur (2001) states that, Group approach has brought many operative values like group support, thrift, group action and sustainability of women SHG

Research Methodology

Based on the objectives of this research work, an Explorative & Descriptive method of research is considered, as it is ideal for the purpose of this research.

Population size and sample unit

In this Research study, the population comprises of around 46000 nos. of SHGs of Tirthahalli Taluk. The sample size chosen for the study is 20 SHGs in three villages of Tirthahalli Taluk, namely Makkimane,

Herambhapura and Heddur comprising 15- 20 members in each SHG. Around 120 members were taken as sample constituting approximately one-third of total members of SHGs under study.

Statistical Tools

Tools used here are Tables, Graphs and percentages.

Data collection

Information expressed in appropriate quantitative form is known as data. It is very vital to collect the relevant and accurate information to achieve the research objectives

Results, Analysis and interpretation of data

After collecting the data, the data were analyzed and the following findings were observed.

Type of Enterprises selected

The types or areas of micro-enterprises, generally operated by rural women can be classified as

- Micro-Enterprises related to agriculture like vegetable farming, flowers farming etc
- Micro-Enterprises related to livestock management like dairy farming, poultry farm etc
- Micro-Enterprises related household based operations like Tailoring, weaving, embroidery etc.

The majority of respondents of three villages in Tirthahalli Taluk started Dairy enterprise (53%), followed by Tailoring and other caste based enterprises (26%), followed by Vegetable farming (11%) and Poultry (10%).

Motive for starting enterprise

Women in these villages started their enterprises as a result of motivational training and guidelines provided by SHGs. As per the discussion with women members of SHGs, they were motivated to start venture by the SHGs and they were exposed to various means of resources including financial resources to start the venture by SHGs. The result of research shows that women in villages started enterprises because of the inspiration by SHGs (96%).

Entrepreneurial finance to start the enterprise

SHGs promoted by Govt. agencies as well as promoted by NGOs provide credit facilities to rural women to start new ventures at a rate of 15% on reducing scales or 9% on flat basis for loans up to 3 years.

The analysis shows that the extent of 90% of women entrepreneurs utilized Entrepreneurial finance by SHGs to start their enterprise and hardly 4% of their need is fulfilled by commercial banks. Other constituents of finance for women entrepreneurs in the sample were Cooperative societies (2%), Personal Loan (3%) and personal savings (2%).

Change in the standard of living

The study has revealed that, the women joined SHGs in these three villages are leading a better life in comparison with others.

It is discovered that 92% of SHG members have increased their standard of living through entrepreneurial finance offered by SHGs. Table 4, followed by a chart below shows the result of entrepreneurial finance by SHGs in these three villages.

Table 4. Change in the standard of living

SL No.	Type of Enterprise	Makkimane		Herambhapura		Heddur		Total	
		No.	%	No.	%	No.	%	No.	%
1	Increased	39	89%	30	97%	41	93%	110	92%
2	No change	3	7%	0	0%	2	5%	5	4%
3	Decreased	2	5%	1	3%	1	2%	4	3%
	Total	44	100%	31	100%	44	100%	119	100%

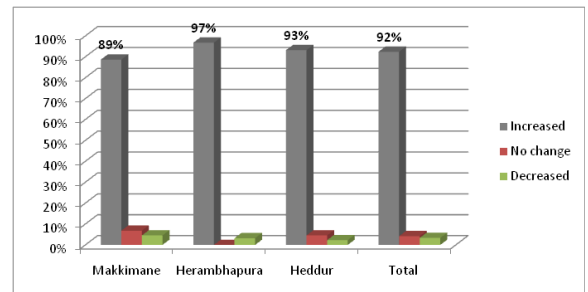


Chart 4. Change in the standard of living

Conclusion

Self Help Groups (SHGs) have been successful in empowering rural women through promotion of micro-enterprises by providing entrepreneurial finance. Women entrepreneurs can act as a catalyst in social and economic development of India. The SHGs had major impact on social and economic life of rural women. The study revealed an increase in social recognition of self, status of family in the society, size of social circle and involvement in intra family and entrepreneurial decision making

Now, there is a need for motivating rural women for continuous improvement, need for training and development in technical skill and communication skills. Support from family, government and other organization is very much appreciated in this regard. More over formation and strengthening of rural women Entrepreneurs network must be encouraged. SHG conferences at Taluk, District and state level is required as it provides a base for rural women entrepreneurs. This will motivate other rural women to engage in micro entrepreneurship with the right assistance and they can strengthen their capacities besides adding to the family income and national productivity.

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