



## An Analysis of Micro Credit to Self Help Groups and Women's Empowerment in Kerala

### KEYWORDS

Empowerment, Micro credit and self help groups

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**ABSTRACT** *In India, women constitute a sizeable section of rural work force and the proper utilization of this workforce helps for the socio-economic development of our country. Micro credit to self help groups is an active step towards this end. The study focuses the source of income, the success of self help groups and the working of self help groups. Data has been collected through a questionnaire, interview and some secondary sources. From the results it is found that most of them are working successfully and it leads to women empowerment. Yet continuous training, better marketing facilities, local resource mobilization etc. has to be considered for its future development.*

### INTRODUCTION

"Nothing arguably, is as important today in the political economy of development as an adequate recognition of political, economic and social participation and leadership of women". Amartya Sen.

Experience in many countries demonstrates that poor women make investments wisely and own returns. However, the flow of financial assistance to them was too marginal, if at all, to enable them to cross the poverty line. This arise a need to create a grassroots organizational base to enable women to come together, to analyze their issues and problems themselves and thus fulfil their needs. Self- help groups is an active step towards this end.

Self-help groups(SHG) are small informal associations created for the purpose of enabling members to reap economic benefit include mobilization of savings and credit facilities and pursuit of groups enterprise activities. The group based not only enables the poor to accumulate capital by way of small savings but also helps them to get access to formal credit facilities. These groups by way of joint liability enable the poor to overcome the problem of collateral security and this frees them from the clutches of money lenders. The joint liability not only improves group members' accessibility to credit, but also creates mechanisms like peer monitoring leading to better loan recoveries. Besides these benefits it also provide the benefits of economies of scale, cost effective alternative for different financial services, collective learning, democratic and participatory culture, of firm base and platform for dialogue and co-operation. Moreover, the benefits of self-help groups are based on co-operation rather than competition. It follows the principle of contribute according to your ability and extract according to your need.

Empowerment may be defined ideally as a continuous process themselves to improve it and access opportunities, as an outcome which women take control over their lives, set their own agenda, gain skills, solve problems and develop self reliance. The formation of self help groups is not ultimately a micro credit project but an empowerment process.

The principles underlying the SHGs model in India include financing the poorest of the poor, ensuring excellent recovery level, and empowering women not just by meeting their needs for consumption and productive loans but also through more holistic educative programme on issues such as sanitation and family planning. It also aims to promote awareness among the poor about the ongoing development programme and the legal provisions meant for the disadvantaged sections of the rural communities.

### REVIEW OF RELATED LITERATURE

Since the early 1980's, a large number of studies have examined the various dimensions of micro credit programmes and women's empowerment. Several International organizations like Action-aid,U.K, Consultative Group of Assist the Poor-est and Overseas Development Authority have conducted case studies and organized workshops in various countries. Choudary (1996), in her study stressed the need for sharpening women's empowering strategies. The study conducted by Karkar(1995),reveals that this help to increase monthly income substantially. The South Malabar Gramin Bank (1998), conducted a 'Monitoring study on SHGs to examine the progress of the scheme Since its implementation in 1995-1996 in Malappuram and Kozhikode districts. About 60% in it is considered as excellent. The comprehensive study done by Oommen (1999), also shows that 56% of household has improved their economic status. The review shows that SHGs have a positive impact on the life of Female population.

### NEED AND IMPORTANCE OF THE STUDY

Finance is basic to any economic activity. The importance of microcredit is stressed in this respect. The study is significant since it tries to analyze the various sources of finance to self help groups and how they use these funds in various income generating activities. Since in India the work participation of female is low, an attempt to study micro credit and self help groups will also help to understand its possible results as well as to understand how it empowers women in various fields. It will also throw light to the future of such self help groups.

### STATEMENT OF THE PROBLEM

The present study is, "An analysis of micro credit to SHGs and women's empowerment in Kerala".

### RESEARCH QUESTIONS

1. What are the sources of income to Self Help Groups?
2. What is the influence of micro credit to self help groups and women empowerment?

### METHODOLOGY

The study is based on both primary and secondary data. The former is obtained through an extensive survey through questionnaire and interview with the members.

**Sample:** The sample consisted of 50 self-help groups which are engaged in various income generating activities (IGAs) in Mullurkara Panchayat, Thrissur district, Kerala.

### DATA ANALYSIS AND INTERPRETATION

#### Table: 1

Income generating activities taken by various self help

groups, source of loan, amount of loan and contribution accruing from the economic activity.

Sl. No	Income generating activities (IGAs)	No of units	Source of loan	Amount of loan	Contribution from IGAs (%)
1	Food products	12	Thrift, Govt.	10000	24
2	Cow	7	Thrift, Govt.	3000-10000	14
3	Stitching	5	Thrift, Govt., Revolving fund		
4	Soap making	4	Thrift	3000	10
5	Pappadam	3	Thrift, revolving fund	2000	8
6	Goat	3	Thrift bank	1000-4000	6
7	Banana	2	Thrift	2000-6000	6
8	Shop	2	Thrift bank	2000-5000	4
9	Vegetables	1	Thrift	1000	4
10	Nursery	1	Thrift	1000	2
11	Umbrella	1	Thrift, revolving fund	7500	2
12	Consumption	9	Thrift bank Thrift	25000 2000	2

Impact on empowerment can be analysed through a matrix which is based on economic, social and political aspects. In economic aspect increase in saving, increase in income, increase in assets, repayment rates and skill development can be seen. In political field increase in participation in political process can be seen. In social aspect increase in self confidence, change in women's role and improvement in communication, skills and in social outlook can be seen. This is shown in the table below.

**Table: 2**  
**Members perception on social empowerment (in %)**

Factors	High	Medium	Low	Total
Self confidence	34	43	23	100
Communication skill	30	57	13	100
Mutual help and co operation	75	15	10	100
Attitudinal change	14	38	48	100
Social outlook	31	48	21	100

**FINDINGS**

1) The impact of the programme, the income, generated from the economic activity (pertaining to micro credit) was collected with the total monthly family income. About 35% of the income is from the IGAs and 65%

from other sources. This shows the positive impact of the IGAs. The income generating activities enables women to get certain amenities like electrification of house, water connections, T.V., renovation of home etc.

- 2) Majority of the members (70%) had reported that their repayment rate was in between 80 % to 100 %.
- 3) For marketing 70% adopted a 'door to door' policy. Today buying from home is one of the popular marketing strategies. 70% of the entrepreneurs mentioned that they are very successful, 20% as successful and 10% as moderately successful.
- 4) The self confidence is high for 34%, medium for 43% and only 23% has low confidence. Communication skill is high for 30%, medium for 50% and 13% has low skill. In mutual help and co-operation 75% has high and 15% has medium and 10% has low rate in this. When we consider attitudinal change more than 50% has high or medium change while in social outlook 31% has high and 48% has medium change. This shows there is significant influence between micro credit : SHGs and women's empowerment.

**SUGGESTIONS**

Since in our country women potential has not been tapped properly many more women should be encouraged to take up small business activities. The customers of particular Panchayat can give award to the best performing SHGs. More marketing outlets can be found out by better efforts on the part on the managing committees. Continuous training facilities may be provided so that the workers can show better efficiency in production and thus ensure better quality products. Tremendous efforts are required for women's resource development in the sphere of education, health care, sanitation, food security, population education and domestic resource mobilisation. Apart from this there is a need to promote interaction between the SHGs and the government officials.

**CONCLUSION**

Self help groups and microcredit should be seen as one of the effective instrument for solving the present unemployment problems as well as for promoting socio economic development. Micro finance programme for women are promoted not only as a strategy for poverty alleviation but for women's empowerment as well. Therefore it has been considered as both as an end and as a means of development. The formation of self help groups is not ultimately a micro credit project but an empowerment process. A judicious mix of micro credit along with other activities with emphasis on development and empowerment strategies and process would certainly make micro credit an effective instrument of social and economic development particularly of the women in a holistic and integrated manner.

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