



## Micro – Finance And Social Change-A Case Study in Hubli Dharwad

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### ABSTRACT

Micro-credit, which includes micro savings, is gradually emerging as one of the most effective strategies to alleviate poverty. It can effectively generate employment and sustain the income of the household by giving them opportunities to work. Micro-finance programmes for women are promoted not only as a strategy for poverty alleviation but for women empowerment as well. It is a gradual process resulting from interaction with group members through awareness and capacity building. Capacity to undertake economic activities includes ownership and control of productive resources and alternative employment opportunities at local levels. It has been proved that economic empowerment could have a positive impact in other spheres as well, enhanced social, legal, and political status. Capacity to undertake social, cultural activities encompasses ability to participate in non-family group meetings, to interact effectively in the public sphere, to create mutual dependence and to ensure mobility and visibility.

### KEYWORDS

Micro Credit, Micro Savings, Micro-Finance, Empowerment, SHGs.

### INTRODUCTION

In India, microfinance scheme is dominated by self help groups, bank linkage programme aimed at providing financial services to the undetected poor based on the philosophy of peer pressure and group securing as collateral substitute. The self help groups has been successful not only in meeting peculiar needs of the poor, but also in strengthening collective self help capacities of the poor at the local level leading to their empowerment. SHGs are making significant contribution to women empowerment and empower the members in economic, social and political spheres. The micro-finance programmes are also expected to become increasingly self-reliant and independent of donor funds through Self help groups. India's micro-credit programmes are implemented through group structure which is known as "self help group" it finances to groups. In Karnataka women self help groups are organised under "Stree Shakti Programme" this programme was implemented in the year 2000-2001 with an objective to empower rural women and make them to self reliant. SHGs are being organized by Government, NGOs and co-operative banks and women organisations Micro-finance is carried out through self help groups where poor come together in the range of 10-20 weekly, fortnightly and monthly meetings through their savings and loading. It is hoped that through such interventions uncovered groups are covered with credit and in process get empowered. Women led SHGs in many parts of the country have achieved success in bringing women to the mainstream of decision making. SHG is also a viable organized setup to disburse micro credit to the rural women and encouraging them to enter into entrepreneurial activities. And manage thrift appraise credit needs and enforce financial self-discipline.

Self help group have been evolved as a mechanism for meeting the socio-economic aspiration and credit need of poor's. Involvement of SHGs with bank could help in overcoming the problem of high transaction cost in providing credit to the poor. The present study on "Micro finance through SHG- a case study in Hubli-Dharwad" is carried to know the changes in Socio-economic and financial condition of SHG members through their functions.

### INNOVATIONS IN MICRO-FINANCE IN KARNATAKA

NABARD has been encouraging innovations in the state. A few instances are outlined below:

#### (a) Promotion of micro enterprise development among matured SHGs through MEPA:

A pilot project on promotion of micro enterprise development among mature SHGs through micro enterprise promotion agency (MPEA) has been launched in Mysore district. NABARD has identified MYRADA to act as MEPA for assisting capable SHG members to take up income-generating activities, on a sustainable basis

#### (b) Pilot project on processor cards and branch automation:

NABARD has sanctioned grant assistance to Krishna grameena bank towards cost of branch automation and introduction of processor cards to empower the bank's clients including KCC card holders and SHG members with technology solutions. The project is being implemented through 5 branches of Krishna grameena bank, in Bidar and Gulbarga district.

#### (c) Pilot project on 'e-grama':

A pilot project on 'e-grama' has been implemented with the help of grameena mahithi parishath through establishment of 13 village information centres (VICs) in Davangere district aiming to provide IT-enabled information services to rural community. The services are provided through the usage of state-of-the-art KANNADA WEB PORTAL called www. Mahithi dhama. Org, which enables access to government programmes and benefits, market-related information, agricultural information, communication, etc,

#### (d) Joint liability groups (JLGs)- means to better access to credit:

A pilot project for smoothening credit flow to mid-segment Clients through formation of joint liability groups are under implementation in association with Varada grameena bank, now karnataka vikas grameena bank, in the state. The project aims at providing credit to the unbanked mid-segment utilising the group liability concept. The bank has identified 5 branches for implementation of the project with NABARD's grant support.

### METHODOLOGY

This study is an empirical survey to analysis the effectiveness of the SHGs and the impact of micro finance on women members of SHGs in terms of socio-economic and financial status. Random sampling method was adopted to select women members for the in-depth study.

**OBJECTIVES**

1. To examine the participation of women in self help group.
2. To analyse the effectiveness of self help groups, in improving the Socio-economic and financial status of women.
3. To evaluate the role of SHGs in women empowerment in the study area.

**HYPOTHESIS**

The following hypothesis is to be tested in the course of the present study:

1. The economic and financial conditions of women are unfavourable compared to that of men.
2. Women employment is positively associated with the performance of SHGs.
3. A self help group is an important instrument to alleviate poverty in general and women poverty in particular.

**DATA COLLECTION**

The study is based on both primary and secondary data.

- Primary data collected through questionnaires, informal and formal discussions with SHGs members.
- Secondary data is obtained through books, articles, NAB-ARD Websites etc.

**SAMPLE SIZE**

In order to obtain information from respondents of SHG members in Hubli-Dharwad, 80 samples are selected from Hubli and 90 samples are from Dharwad.

**AREA OF THE STUDY**

In the process of selecting the area choice fell on twin city Hubli and Dharwad in north Karnataka, there has been a burgeoning research on rural SHGs. The present study particular have undertaken the task of conducting systematic research to assess the changes that are taking place in the impact of SHGs on micro finance and occurrence of improvement in Socio-economic and financial condition of women in Hubli-Dharwad cities.

**FINDINGS**

The following are the finding of the study

1. Age wise classification of SHGs members out of 170 respondents, only 5.29 Percent respondents were in age group of 22 to 25 years while 13.52 percent members are at the age group of 26 to 30 years, 17.05 percent of 31 to 35, 21.76 percent and 18.82 percent of respondents were in age group of 36 to 40 and Major portion of members are at the age level of 45 and above. It shows the young age group women are not taking initiative part in SHGs due to lack of training and coordination between the other members.
2. Out of 170 respondents 58.82 percent are the part of joint family and remaining are the part of Nuclear family it shows the domination culture and due to low income of head of the family the members are dependent on others too.
3. The majority of respondents i.e. 86.25 percent and 68.88 percent reported that they have own house both in Hubli-Dharwad. 8.75 percent and 25.55 percent are living in rental house and only 5 percent and 3.33 percent reported as they living leased house in Hubli -Dharwad city. 4.SHG members raised loan for the purpose of domestic use rather than economic purpose. Loan amount is utilising for their personal usage instead of utilising in business or some other creative economic work.

**SUGGESTIONS**

The following suggestions are offered

1. Training facilities to SHG households: some new works or refresher training courses of a general nature which

are otherwise of help in their day-to-day life may also be organized. Training to households should be given properly as it would improve the productivity by better credit management and proper functioning of the group.

2. Voluntary organizations and women's co-operations: women's co-operatives must be enhanced for the purpose of strengthening and increasing voluntary organisations which could take up individual women's problems with the help of other organizations is necessary.
3. Development programmes: To the members of SHGs to improve the skills and should be made aware of development programmes through the panchayats and block level officials and different mass media like T.V, News papers, Radio and broadcasting different programmes of developmental activities related to women and highlighting their experiences to other weaker section women.
4. Active participation of Government agencies: From the study it is revealed that role of Government is very less in promoting SHG and creating awareness about SHGs. It is suggested to Government and their agencies to take interest in promoting SHGs.
5. Use the loan amount for productive activity: As majority of members use loan amount for domestic purpose rather than economically building their standard of living. They should take care of loan raised by SHG should be utilized for productive purpose.
6. Organizing trade fares and exhibitions: More periodicals, exhibitions in block level may be organized where the product of SHGs can be displayed and success stories can be highlighted. Consequent upon this more women members will be attracted towards SHGs.

**CONCLUSION**

The present study has observed that involvement of the members in the group activities significantly contributed to improvement in their economic and financial status and improving their skills.

In this study an attempt is made on the role of micro-finance in SHGs on economic and financial status of women and background of SHGs members here we explain about the general information of SHGs members and as well as about the operational mechanism of SHGs In first part general information about the members their age, education, marital status, type of family, religion, housing details, assets possession etc.

In the operational mechanism of SHGs here we study about the members of SHGs, sources of awareness, training, meeting, savings, loans, revolving fund, gains etc.

From the above explanation we conclude that SHGs is the main path for the women to improve or develop their role in the society. SHGs programme is one of the income generating and employment generating programme. The above said or the members of self- help group reportedly they gain prestige, self respect, self confidence, saving enhancement programme etc. it is one of main programme to promote employment among women folk and develop collective leadership, collective decision making among women and improve their standard of living by strengthening economically and financially through providing loan for income generating activities. Finally it is the group activities significantly contributed to boosting their self-confidence and improving their role in the society.

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