ORIGINAL RESEARCH PAPER | **Economy**

MICRO FINANCE THROUGH SELF HELP GROUPS: A CASE STUDY OF SKDRDP, HUNSUR

KEY WORDS: SKRDP, Micro Finance Institutions, No Frills Account, Self-Help Group

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ABSTRACT

Micro Finance is a vital component for development of any economy. The Growth of financial sector reflects in the empowerment of women financially. Hence it is one of the major component of inclusive growth. This paper tries to examine the performance of micro finance in India and Karnataka. This paper uses both primary and secondary Methods of data collection. The major findings are most of the respondents were satisfied with the working of sangha, used loan for their development, attended meetings regularly and others. The paper suggests that Micro credit, Insurance and training aspects are neglected to the core. These aspects need to be emphasized to develop through SKDRP and majority of them have borrowed for creating durable assets. The borrowings must be diversified for other purposes.

INTRODUCTION

The concept of inclusiveness is very important for countries like India and developing where there is need for proper banking habits. There are various economists as well as committees such as Rangarajan Committee Report which defines Financial Inclusion as "The process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as the weaker sections and low income groups at an affordable cost".

Thus it encompasses wide range of financial services as well as its usage by different groups. The ultimate outcome would be for empowerment. In the year 2005 RBI came up with NF (No Frills) account. In this backdrop there is an urgent need to implement these in developing countries.

Review of Literature

There are various reviews relating to Self-help groups, Micro finance, their linkages, performance and others. The studies focused on micro finance, challenges and also progress.

Das, A., & Saha, A. (2023) in their article "Microfinance Research in India During 2001–2021:
A Bibliometric Analysis with Its Social Impact Using Altmetrics. *Vision"* tries to look into research directions in the field of MFI in India. The study tried to look into the trends in the growth of MFI in India. It examines various keywords, examines the preferred countries and social impact of the various studies of published articles.

Md Sadat Sharif (2022) in his article "Microfinance Institutions in India -Problems and Prospects" tried to study the status of micro finance, developmental challenges through micro finance and it also suggests measures to tackle challenges. The study is mainly based on secondary data only. The study found that to obtain sustainable development there must be continued growth and diversification of the rural Economy. Finally, the paper suggested that there is need for local interference and planned support for the institutional development.

Kothari A. K. (2016) in his article "Indian microfinance: A critical review on issues and challenges" in their article tries to focus on the issues and challenges related to micro finance in India. The paper aims to look into progression of MFI, plans development and others. The paper recommends certain aspects which lay foundation for MFI in India.

Modi A., Patel K. J., & Patel K. M. (2014). Impact of microfinance services on rural women empowerment: An empirical study" tries to examine the role of micro finance in empowering women in rural areas. The study is based on both primary and secondary data. The findings reveal that factors such as women's decisions, autonomy for life choices lead contribute immensely. It suggests that training should be imparted to rural women and tax concessions should be provided to organizations which extend credit facilities.

Objectives of the Study

- To analyse the development of Micro finance in India
- To look into functioning of MFI in India
- To Give suggestions on the basis of study

Methodology

Both primary and secondary data collection techniques have been used. Secondary sources are through NABARD reports.

Sample: A sample of 100 respondents belonging to SKRDP Hs taken. Respondents belonging to Hunsur Taluk were taken.

Limitations of the Study

The following are some of the limitation of study

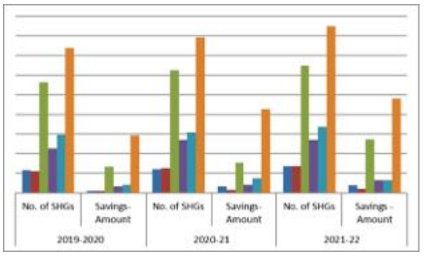
- The present study is carried in Hunsur Taluk, Mysore District.
- The study is confined to 100 Respondents only.
- The Data has been collected for limited year.
- The study has used simple, statistical tools in case study analysis.

Table 1: Region Wise Progress of Saving Linked SHGs with Banks (2019-2020 To 2021) (in Percentage)

Regions	2019-2020		2020-21		2021-22	
	SHGs	Savings	SHGs	Savings	SHGs	Savings
Northern	5.63	2.28	5.43	4.65	5.72	4.22
North Eastern	5.44	1.84	5.65	2.22	5.72	2.25
Eastern	27.44	25.40	27.82	20.68	27.28	28.76
Central	11.08	6.55	11.99	5.65	11.40	6.89
Western	14.39	7.72	13.82	9.98	14.20	6.94
Southern	36.02	56.21	35.29	56.82	35.68	50.94
Total	100	100	100	37,47,761	100	100

Source: Micro Finance in India 2020 -21 NABARD Report

Chart 1: Region-Wise Share and Number of Savings Linked SHGs



Source; Microfinance in India 2020-21 report

Status of Micro Finance

Progress of Saving Linkage of Self Help Groups with Bank

There is a positive relationship between SHGs savings and accessing of loans. In the year 2021-22 banks reported 6.7 lakh SHG's savings linked at all India level, registering a growth of 5.97 % compared to 9.57 % in 2019-20.

The region wise growth has been 11.5% for the Northern region and 0.7% for the Central region. Eastern regions have recorded a growth of 75% and 53% in central region.

The Southern region had the highest share at 36% followed by the Eastern region (27.4%) and Western region (11.4%) in the SHGs linked.

Credit Disbursement by Banks

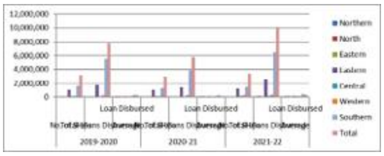
In terms of credit Rs 99729 crore was disbursed by banks in 2021-22 and Rs 58071 crore to 29 lakh SHGs during 2020-21.

Table 2: Region –Wise Status of Bank Loan Disbursed To SHGs

Region	2019-2020			2020-21			2021-22		
	No. of SHGs	Total Loans Disbursed	Average Loan Disbursed	No. of SHGs	Total Loans Disbursed	Average Loan Disbursed	No. of SHGs	Total Loans Disbursed	Average Loan Disbursed
Northern	62,905	84,694	1,34,637	67,658	94,045	1,39,001	79,532	1,17,102	1,47,239
North Eastern	37,807	57,893	1,53,128	68,116	1,03,651	1,52,168	94,871	1,84,636	1,94,618
Eastern	11,23,517	17,85,075	1,58,883	11,24,578	14,87,551	1,32,276	13,01,505	25,68,978	1,97,385
Central	1,11,074	1,04,249	93,856	1,28,617	1,05,428	81,971	1,84,322	2,16,983	1,17,720
Western	1,74,218	2,49,327	1,43,112	1,61,159	2,30,331	1,42,921	2,39,086	3,81,363	1,59,509
Southern	16,36,481	54,84,696	3,35,152	13,37,266	37,86,063	2,83,120	14,98,951	65,03,860	4,33,894
Total	31,46,002	77,65,935	2,46,851	28,87,394	58,07,068	2,01,118	33,98,267	99,72,923	2,93,471

Source: Micro Finance in India 2020-21 report

Chart 2: Region –Wise Share in SHGs Credit Linked



Source: Micro Finance in India 2020-21 Report

State -Wise Credit Linkage

This concept of micro finance in Karnataka began in 1984.The NABARD took a lead after launching of SHGs in 1991 -92. Later on the Cauvery Grameena bank became first RRB to promote and credit link SHGs. Streeshakthi and Swashakti programme were launched with the help of government interventions.

Table 3: State-Wise SHGs with Credit Linkage

SL. No	STATE	Credit through SHG'S
1	New Delhi	5%
2	Dadra & Nagar Haveli	8%
3	Arunachal Pradesh	9%
4	Andaman & Nicobar	14%
5	Manipur	15%
6	Gujarat	15%
7	Nagaland	17%
8	Punjab	17%
9	Sikkim	18%
10	Chandigarh	20%
11	Meghalaya	22%
12	Goa	22%
13	Rajasthan	23%
14	Uttar Pradesh	24%
15	Himachal Pradesh	24%
16	Maharashtra	25%
17	Uttarakhand	26%
18	Mizoram	26%
19	Assam	31%
20	Haryana	34%
21	Madhya Pradesh	36%
22	Chhattisgarh	38%
23	Tamil Nadu	43%
24	Jammu and Kashmir	49%
25	Odisha	50%
26	All India	57%
27	Tripura	59%
28	Puducherry	65%
29	Telangana	79%
30	Kerala	80%
31	Jharkhand	81%
32	West Bengal	84%
33	Karnataka	85%
34	Bihar	89%
35	Andhra Pradesh	90%

Source: Micro Finance in India 2020-21 Report

Overall out of In 2022 118.93 lakh SHGs savings were linked, 57% SHGs have loans outstanding with banks. Andhra Pradesh is in the first place with 90% of its SHGs having loans outstanding, next is followed by Bihar (89%) and Karnataka (87%).

Case Study Analysis

This section presents general Information of the respondent

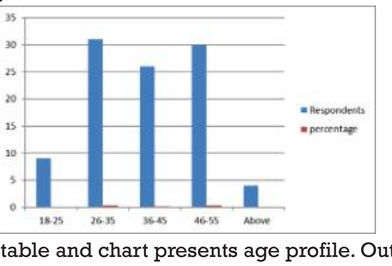
Age Group

Table 4: Age Details

Age of Details	Respondents	Percentage
18-25	9	9%
26-35	31	31%
36-45	26	16%
46-55	30	30%
Above 56	4	4%
Total	100	100%

Source: Field Survey

Chart 3: Age Details



The above table and chart presents age profile. Out of 100% respondents 9% of them belonged to age group of 18-19 years ,31% of them were of age of group between 26-35 years, 26% of were of age group between 36-45 year, 30% of them were of age group of above 56 years, 4% of them were of age group of above 56 years.

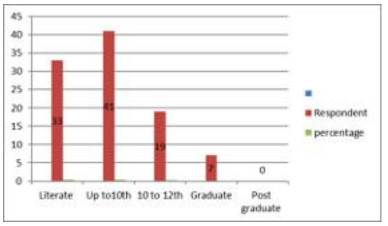
Education

Table 5: Education

Educational Qualification	Respondent	Percentage
Illiterate	33	33%
Up to10th	41	41%

10 to 12th	19	19%
Graduate	7	7%
Post graduate	0	0%
Total	100	100%

Chart 4: Education



The above table and chart presents educational profile. Out of 100% respondents 33 % were illiterate, 41% had studied up to 10th, 19% were qualified up to 12th , 7% had graduated and none were post graduates.

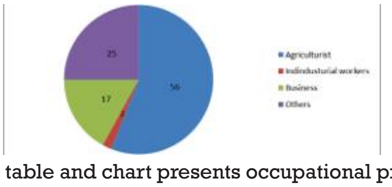
Occupation

Table 6: Occupation

Occupation	Respondent	Percentage
Agriculturist	56	56%
Industrial workers	2	2%
Business	17	17%
Others	25	25%
Total	100	100%

Source: Field Survey

Chart 5: Occupation



The above table and chart presents occupational profile. Out of total respondents,56% of them were agriculturist, 17% were engaged in business ,25% of them were engaged in others were 2% were engaged industrial workers.

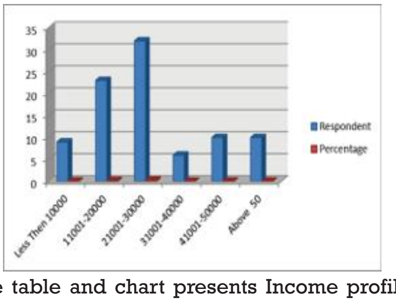
Income

Table 7: Income

Annual Income	Respondent	Percentage
Less than 10000	9	9%
11001-20000	23	23%
20001-30000	32	32%
30001-40000	6	6%
40001-50000	10	10%
Above 50000	10	10%
Total	100	100%

Source: Field survey

Income



The above table and chart presents Income profile. Out of 100% respondents 9% of them were saving up to Rs 10000, 23 of them were saving rupees 11001 – 20000 and 32% of them were of them were saving rupees 20001-30000 and 16% of them were of them were saving rupees 30001-40000 and 10% of them were of them were saving rupees 40001-50000 and 10% of them were of them were saving above rupees 50000.

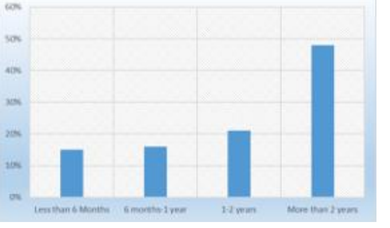
Membership Aspect

Table 8: Membership

Year	Respondent	Percentage
Less than 6 Months	15	15%
6 months-1 year	16	16%
1-2 years	21	21%
More than 2 years	48	48%
Total	100	100%

Source: Field survey

Chart 7: Membership



The above table and chart presents membership aspects. Out of 100 respondents 15% of them joined 6 months before, 16% of them joined in the range of 6 months to 1 year, 21% of them joined 1-2 years and 48% of them joined more 2 years ago.

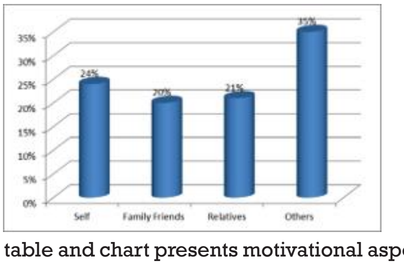
Motivational Aspect

Table 9: Motivation

Motivated	Respondent	Percentage
Self	24	24%
Family Friends	20	20%
Relatives	21	21%
Others	35	35%
Total	100	100%

Source: field survey

Chart 8: Motivated



The above table and chart presents motivational aspects. Out of the 100% respondents 24% of them were self-motivated to join, 20% them were motivated by family and friends,21% of them motivated by relatives and 35% of them were motivated by others.

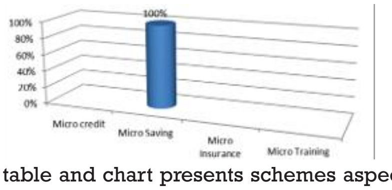
Micro Finance Instruments

Table 10: Micro Finance Instruments

Instruments	Respondent	Percentage
Micro credit	0	0 %
Micro Saving	100	100%
Micro Insurance	0	0%
Micro Training	0	0 %
Total	100	100%

Source: field Survey

Chart 9: Micro Finance Instruments



The above table and chart presents schemes aspect. Out of total respondents all of them benefited from Micro savings and not from any other scheme.

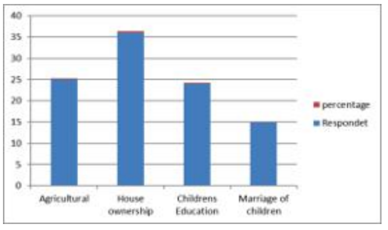
Purpose

Table 11: Purpose

Purpose	Respondent	Percentage
Agricultural	25	25%
House ownership	36	36%
Children's Education	24	24%
Marriage of children	15	15%
Total	100	100%

Source: field survey

Chart 10: Purpose



The above table and chart presents the purpose of sangha. Out of 100% respondents, purpose of their joining the sangha majority of them i.e. 36% of them joined for house ownership 25% of them joined for agricultural purpose, 24% of them joined for children's education and only 15% for marriage of children.

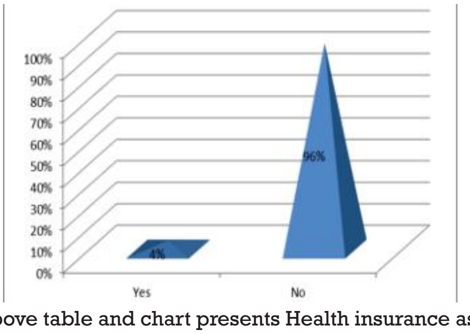
Health Insurance

Table 12: Health Insurance

Health insurance	Respondents	percentage
Yes	4	4%
No	96	96%
Total	100	100%

Source: field survey

Chart 11: Health Insurance



The above table and chart presents Health insurance aspect. Out of total respondents, 96% of the respondents have not enrolled for health insurance scheme through the Sanga only 4% enrolled for health insurance scheme.

Loan Processing

Table 12: Loan Processing

Days	Respondents	percentage
Less than 7 Days	1	1%
7-15 Days	9	9%
15-20 Days	60	60%
20-30 Days	30	30%
Above 30 Days	0	0%
Total	100	100%

Source: field survey

Chart 11: Loan Processing

The above table and chart presents loan processing aspect. Out of 100% Respondents 1% opined that loan processing took less than 7 days, 9% opined that it was in the range of 7-15 days, 60% opined that it was in the range of 15-20 days, 30% opined that it was in the range of 20-30 days of them and none of them opined that it was more than 30 days.

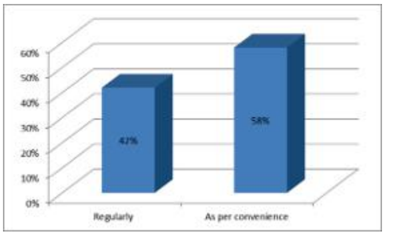
Meetings Aspect

Table13: Meetings

Attend the meetings	Respondents	percentage
Regularly	42	42%
As per convenience	58	58%
Total	100	100%

Source: Field survey

Chart 12: Attend the Meeting



The above table and chart presents meeting aspects. Out of 100% Respondents 42% attend the regularly meeting of them 58% attend the as per convenience.

Suggestions

The study suggests the following aspects:

- The training aspects need to be given importance to the core.
- The borrowings are concentrated for few purposes only.it must be diversified.
- Most of the respondents attend meetings as per convenience. This should be given importance.
- Loan processing takes place between 15-20 days . This period must be enhanced.
- Majority do not have health insurance. This aspect needs to be encouraged.
- Interest is high as opined by majority. Hence this has to be lowered down.
- Apart from farmers other sections of society needs to be given priority.

CONCLUSION

In conclusion the SKDRP has been of immense help in the achievement of Micro finance thereby promoting the concept of inclusive growth.

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