

Microfinance and women empowerment: A comparative study on impact of self help group in select district of Kerala and Karnataka

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Abstract - Indian economy is characterized by low growth rate, alerting population, heavy dependency on agriculture sector, disparate land mass ratio, unequal distribution of income and wealth, high rate of unemployment and poverty. The two major factors that pose challenge to the growth, development and prosperity of the country is poverty and unemployment. To cope up with the problems and challenges, the country needs to focus on the concept of empowerment. Real development of the nation is possible only when gender bias is abridged. Women empowerment and their role in development process have been considered as a necessary factor for development. Women empowerment and gender equality is globally considered as a key component to attain the progress in all sphere of development.

Key words: Microfinance, Rural Women, Empowerment, Self Help Group, Impact

I. INTRODUCTION

In India Rural women are projected as voiceless and vulnerable. The concept of empowerment helps the women to identify their potentiality, inner strength, courage, rights and opportunities and to make them realize their role and significance in the process of development.

Microfinance serves as a stepping stone towards the concept of women empowerment. Formal banking system opens its door for people based on their income level and asset holding. It indicates that people with low income are less likely to get access to financial source. This may be due to the rigid formal banking system, which makes it difficult for the poor people to access the financial need. To serve the need of poor people, microfinance institution came into picture during 1970s. The people who are excluded from formal banking system get attracted towards microfinance institution as it held the title 'Bank for Poor'. Those who support microfinance use it as an effective tool for empowerment - in the sense that it helps the poor mainly focused on poor women to make them economic agents of change.

The main objective of MFI's is to serve the poorest of the poor and empower them to easily access credit needs and fight against poverty. The field of micro finance in this fast growing economy has grown in size and stature. It is facing the challenges of stiff competition in the market and therefore to be tuned with its mission.

In the present scenario the word rural empowerment through microfinance act as a significant and emerging force and it greatly contribute towards growth and development of rural women in the country. Microfinance through 'Self Help Group' is a wide-reaching model to combat poverty and rural development. Various reports indicate that nearly Seventy five percent of the world's poor resides in rural area, and among them majority are women. Women especially in rural areas are deprived from empowerment process. Women empowerment is a crucial factor for the growth of the economy, henceforth they need to be empowered. The scenario of Microfinance through SHG in India and in almost all the developing countries, is becoming one of the important source for women empowerment, generally focused on rural poor women.

II. LITERATURE REVIEW

K.G. Karmakar (1999) , reveals the existing credit system in India and examines the credit need of poor rural people in Orissa. It shows the importance of micro credit needs of rural poor tribal women and rural micro-entrepreneurial activities. It focuses on the need and availability of credit facilities and discusses on the problem faced by the women and non-farm micro enterprises. The study concludes that motivating micro enterprise activities in rural area through proper credit mechanism will help in reduction of poverty.

Puhazhendhi and Satyasai (2000), examine the effect of Self-help group programme on the living condition of rural poor after joining the SHG. A survey was conducted in 11 states by selecting 560 members household of 223 SHG.

Central northern, eastern, western and southern region of the country was considered. The finding of the study shows that SHG bank linkage programme have a greater impact of on the economic and social empowerment of rural people.

H.C. Sharma (2000), focuses on the development of tribal poor people. The study specifies that self help group works as an effective tool for rural empowerment but it failed to set a proper work culture. The study reveals that more care should be taken for the effective coordination of development activities; he points out that NGOS and government agency should be much focused towards promoting the SHG activities for the upliftment of rural tribal people.

N. Manimekalai and G. Rajeswari(2000), in their study examines the role of SEVAE(Society for Education and Village Action and Empowerment). This NGO is working in 362 villages and serving more than one lakh poor rural women of Tiruchirappali district for the empowerment of rural women by promoting self-employment. It encourages rural women to start their own production, processing, service and business unit to bring socio economic empowerment.

Sheokand (2000), portrays about Indian banking system and its drawback to meet the need of rural poor. The paper discusses on the role of NABARD in reaching out the root cause of poverty through introducing SHG bank linkage model in 1992. When compared to many government schemes and programmes, SHG Bank Linkage programme prove to be very successful one. The micro credit or the borrowing and lending activities taken up by NABARD through SHG Bank Linkage programme helps to bring socioeconomic empowerment among rural people. The study concludes that, though the programme is not a permanent solution to curb the poverty, it is an effective tool for rural financial empowerment.

Laxmi Kulshrestha (2000)³², Microfinance: The New Development Paradigm for poor Rural women, this paper revealed that lack of financial support in rural is a main constraint for the development of rural women. Financial crisis is due to long procedure, credit policies and legal provisions. A proper financial support can help women to contribute for the household's income which help them to spend for the improvement of standard of living.

J. Venkatesh and K. Kala (2000)³³, identifies that self-help groups are working as a tool for poverty alleviating and rural empowerment. More number of rural people both men and women are attracted towards the group activities and adopting SHG model as a source of financial support. Activities under SHG help not only to promote credit and savings but also help the rural poor to build confidence, enhancement of skills, literacy, self-employment, health and hygiene. The study concludes that empowerment of rural people led to economic growth.

Statement of the Problem

One of the major challenges before government of India is poverty alleviation .Though the government is making effective efforts to curb the serious problem of poverty, still struggling to resolve it completely. The major cause of poverty is financial instability in rural area. The initiative take by the government through microfinance to provide easy access to credit has helped to bring financial stability among rural poor.

Microfinance as a strategic tool towards poverty alleviation has help to uplift the socio economic status of rural poor; primarily focus on rural women. SHG through microfinance has changed the life of rural women by empowering them socially and economically. The study has made an attempt to know such impact of SHG activities on rural women empowerment.

Objective of the study

- To compare the demographic profile of SHG members of SKDRDP and Kudumbashree.
- To compare the socio economic empowerment of women through SHGs in Kerala and Karnataka.

Hypothesis

- Ho: There is no significant difference in the level of economic empowerment among the members of SKDRDP and Kudumbashree.
- Ho: There is no significant difference in the level of social empowerment among the members of SKDRDP and Kudumbashree.

III. RESEARCH METHODOLOGY

- Sample Design

TABLE 1.1-SAMPLE FOR THE STUDY

SL. NO	Particulars	SIZE IN NUMBERS		TOTAL
		KERALA	KARNATAKA	
1.	Name of the microfinance Project	Kudumbashree	SKDRDP	2
2.	No. of District	1	1	2
3.	No. of Taluk	1	1	2
4.	No. of Villages Form Each Taluk	3	3	6
5.	No. of SHGs	60	60	120
6.	No. of Respondents "5" Members From Each SHG	300	300	600

Source; Designed by the Researcher

- Sample size

The study consists of the selected SHG/NHG members of groups organised and promoted by Kudumbashree and

SKDRDP, in Kollam District of Kerala and Dakshina Kannada District of Karnataka respectively .The sample population for the survey comprises of 600 respondents of SHGs/NHGs selected for the study.

• Sources of Data

For adding more valuable inputs to the study, both primary and secondary data is consulted. Primary data is collected through a detailed field survey by using interview schedule with the help of structured questionnaire. Secondary data is accrued from the annual reports of SKDRDP and SPEM (Kerala State Poverty Eradication Mission), books, economic reviews, articles, published and unpublished

papers and dissertations , journals and magazines, documents maintained by the groups like attendance register, minutes of the meetings, accounts registers, other relevant documents and registers maintained by the SHG/NHG members and through internet source.

• Framework analysis

The collected data is analyzed by making use of statistical tools like Percentages, chi square test and Mann Whitney test .

The data is coded and entered in SPSS for statistical analysis. The data is analyzed by SPSS version 17.

IV. RESULT AND ANALYSIS

Table 1.1 Ho: There is no significant difference between the various demographic factors of SHG members promoted by SKDRDP and Kudumbashree.

		Type						x2 Value	df	p
		SKDRDP		KUDUBHASHREE		Total				
		Count	Column N %	Count	Column N %	Count	Column N %			
Age	20 – 30	56	18.7%	86	28.7%	142	23.7%	16.958	4	.002
	31 – 40	70	23.3%	76	25.3%	146	24.3%			
	41 – 50	100	33.3%	70	23.3%	170	28.3%			
	51 – 60	71	23.7%	58	19.3%	129	21.5%			
	Above 61	3	1.0%	10	3.3%	13	2.2%			
	Total	300	100.0%	300	100.0%	600	100.0%			
Educational qualification	Illiterate	52	17.3%	12	4.0%	64	10.7%	30.786	3	.000
	Schooling	214	71.3%	233	77.7%	447	74.5%			
	Under graduation/diploid	28	9.3%	46	15.3%	74	12.3%			
	Post graduate	6	2.0%	9	3.0%	15	2.5%			
	Total	300	100.0%	300	100.0%	600	100.0%			
Religion	Hindu	228	76.0%	212	70.7%	440	73.3%	10.530	2	.005
	Muslim	50	16.7%	41	13.7%	91	15.2%			
	Christian	22	7.3%	47	15.7%	69	11.5%			
	Total	300	100.0%	300	100.0%	600	100.0%			
Community	SC	10	3.3%	26	8.7%	36	6.0%	40.121	3	.000
	ST	11	3.7%	15	5.0%	26	4.3%			
	OBC	195	65.0%	119	39.7%	314	52.3%			
	OC	84	28.0%	140	46.7%	224	37.3%			
	Total	300	100.0%	300	100.0%	600	100.0%			
Marital status	Married	247	82.3%	215	71.7%	462	77.0%			.007
	Unmarried	35	11.7%	65	21.7%	100	16.7%			
	Widow	15	5.0%	17	5.7%	32	5.3%			
	Divorced	3	1.0%	3	1.0%	6	1.0%			
	Total	300	100.0%	300	100.0%	600	100.0%			
Type of family	Nuclear	260	86.7%	244	81.3%	504	84.0%	3.175	1	.075
	Joint	40	13.3%	56	18.7%	96	16.0%			
	Total	300	100.0%	300	100.0%	600	100.0%			
No. of dependent	Nil	21	7.0%	33	11.0%	54	9.0%	25.114	4	.000
	One	9	3.0%	7	2.3%	16	2.7%			
	Two	68	22.7%	26	8.7%	94	15.7%			
	Three	149	49.7%	162	54.0%	311	51.8%			
	3 and above	53	17.7%	72	24.0%	125	20.8%			

	Total	300	100.0%	300	100.0%	600	100.0%			
Monthly income	less than 3000	55	18.3%	73	24.3%	128	21.3%	7.490	3	.058
	3000 – 5000	91	30.3%	104	34.7%	195	32.5%			
	5000 – 7000	61	20.3%	43	14.3%	104	17.3%			
	Above 7000	93	31.0%	80	26.7%	173	28.8%			
	Total	300	100.0%	300	100.0%	600	100.0%			
Head of the family	Husband	189	63.0%	160	53.3%	349	58.2%	6.576	2	.037
	Self	98	32.7%	118	39.3%	216	36.0%			
	father-in-law	13	4.3%	22	7.3%	35	5.8%			
	Total	300	100.0%	300	100.0%	600	100.0%			
Place of residence	Rural	284	94.7%	274	91.3%	558	93.0%			.086
	Semi urban	16	5.3%	22	7.3%	38	6.3%			
	Urban	0	.0%	4	1.3%	4	.7%			
	Total	300	100.0%	300	100.0%	600	100.0%			
Purpose for joining	For getting loan	97	32.3%	71	23.7%	168	28.0%	23.323	5	.000
	For accumulate saving	72	24.0%	50	16.7%	122	20.3%			
	For family commitment	44	14.7%	62	20.7%	106	17.7%			
	For expansion of business	16	5.3%	8	2.7%	24	4.0%			
	Settlement of old debts	45	15.0%	79	26.3%	124	20.7%			
	For social status	26	8.7%	30	10.0%	56	9.3%			
	Total	300	100.0%	300	100.0%	600	100.0%			
Duration of SHG	1-4 years	23	7.7%	67	22.3%	90	15.0%	223.553	3	.000
	4 - 5 year	177	59.0%	45	15.0%	222	37.0%			
	5- 6 year	82	27.3%	36	12.0%	118	19.7%			
	6 year and above	18	6.0%	152	50.7%	170	28.3%			
	Total	300	100.0%	300	100.0%	600	100.0%			
Duration of membership	1-4 years	23	7.7%	70	23.3%	93	15.5%	206.314	3	.000
	4 - 5 year	177	59.0%	60	20.0%	237	39.5%			
	5- 6 year	82	27.3%	27	9.0%	109	18.2%			
	6 year and above	18	6.0%	143	47.7%	161	26.8%			
	Total	300	100.0%	300	100.0%	600	100.0%			

Age: Test chi square shows that there is highly significant difference between SKDRDP and Kudumbashree members with respect to age of the respondents $p = .002 < 0.01$.

Educational qualification: Test chi square shows that there is highly significant difference between SKDRDP and Kudumbashree members with respect to Educational qualification of the respondents $p = .0.000 < 0.01$

Religion: Test chi square shows that there is highly significant difference between SKDRDP and Kudumbashree members with respect to religion of the respondents $p = .0.005 < 0.01$

Community: Test chi square indicate that there is highly significant difference between SKDRDP and

Kudumbashree members with respect to Community of the respondents $p = 0.000 < 0.01$

Marital status: Fisher's Exact Test depict that there is highly significant difference between SKDRDP and Kudumbashree members with respect to Marital status of the respondents $p = 0.007 < 0.01$

Type of family: Test chi square indicate that there is no significant difference between SKDRDP and Kudumbashree members with respect to type of family of the respondents $p = 0.075 > 0.05$

No. of dependent: Test chi square reflect that there is highly significant difference between SKDRDP and Kudumbashree members with respect to No. of dependent of the respondents $p = 0.000 < 0.01$

Monthly income: Test chi square depict that there no significant difference between SKDRDP and Kudumbashree members with respect to monthly income of the respondents $p = 0.58 > 0.05$

Head of the family: Test chi square reveals that there is significant difference between SKDRDP and Kudumbashree members with respect to head of the family of the respondents $p = 0.037 < 0.05$

Place of residence: Fisher's Exact Test indicate that there is highly significant difference between SKDRDP and Kudumbashree members with respect to place of residence of the respondents $p = 0.086 > 0.05$

Purpose for joining: Test chi square indicate that there is highly significant difference between SKDRDP and Kudumbashree members with respect to Purpose for joining of the respondents $p = 0.000 < 0.01$

Duration of SHG: Test chi square reflect that there is highly significant difference between SKDRDP and Kudumbashree members with respect to Duration of SHG of the respondents $p = 0.000 < 0.01$

Duration of membership: Test chi square indicate that there is highly significant difference between SKDRDP and Kudumbashree members with respect to duration of membership of the respondents $p = 0.000 < 0.01$.

So hypothesis, H_0 : There is no significant difference between the various demographic factors of SHG members promoted by SKDRDP and Kudumbashree is rejected as all most all the demographical factors shows highly significant difference except in case of monthly income and place of residence.

Table no.: 1.2- H_0 : There is no significant difference in the level of Social empowerment among the members of SKDRDP and Kudumbashree.

Type	Mean	Std. Deviation	Median	Mannwhitney test Z value	P
SKDRDP	3.71	.49	3.67	.81	.419
KUDUBHASHREE	3.67	.51	3.67		NS
Total	3.69	.50	3.67		

All the nine components (group cohesiveness, organizational skill, public speaking, awareness on rights, acceptance in society, awareness on social problems interactive skills, membership in other organization, participation in social programmes) were were averaged to get a composite score for overall social empowerment.

Level of social empowerment among the members was $3.67 \pm .50$ which is high as mean value > 3 . Among

Kudumbashree member social empowerment was high with mean 3.67 ± 0.51 and that of SKDRDP is $3.71 \pm .49$.

Mann Whitney test Z value test value shows that there is no significant difference in the level of social empowerment among the members of SKDRDP and Kudumbashree, as $p = 0.419 > 0.05$.

Therefore H_0 : There is no significant difference in the level of social empowerment among the members of SKDRDP and Kudumbashree is accepted.

Table no: 1.3; H_0 : There is no significant difference in the level of economic empowerment among the members of SKDRDP and Kudumbashree

Type	Mean	Std. Deviation	Median	Mannwhitney test Z value	P
SKDRDP	3.75	.53	3.71	.33	.740
KUDUBHASHREE	3.76	.62	3.71		NS
Total	3.76	.57	3.71		

All the seven factors (technical skill, employment opportunity, entrepreneurial skill, living conditions, individual /family health, economic status, social security) were averaged to get a composite score for overall economic empowerment.

Level of economic empowerment among the members was $3.76 \pm .57$ which is high as mean value > 3 . Among

SKDRDP members economic empowerment was high with mean $3.75 \pm .53$ and that of Kudumbashree is 3.76 ± 0.62 .

Mann Whitney test Z value test value shows that there is no significant difference in the level of economic empowerment among the members of SKDRDP and Kudumbashree, as $p = 0.740 > 0.05$. Therefore H_0 : There is no significant difference in the level of economic empowerment among the members of SKDRDP and Kudumbashree is accepted.

V. FINDING AND SUGGESTION

1. Most (30.3%) members of SKDRDP and (28.3%) members of Kudumbashree are highly satisfied towards level of economic empowerment after becoming the members of the group.
2. Most (33.3%) members of SKDRDP and (31%) members of Kudumbashree are highly satisfied towards level of social empowerment after becoming the members of the group.
3. The member's respondent that after joining the group their well-being has been raised.

4. The members of SKDRDP and Kudumbashree opined that their confidence level, independence, self-respect, reduction in poverty, family acceptance, improvement in standard of living has been increased after joining the SHGs.
5. The members of SKDRDP and Kudumbashree reveals that their social skills such as organisation skill, group cohesiveness, interactive skills, public speaking, awareness on rights, awareness on social problems acceptance in the society and participation in social programmes has become high after becoming the members of SHGs. Social empowerment of rural women is experienced through free movement of women and free expression of their views.
6. The members of SKDRDP and Kudumbashree reveals that self-help group activities has brought greater economic empowerment among rural poor women through increase in income, change in savings pattern ,expenditure patterns, income generating activities, providing financial security and through reduction in poverty.
7. "There is no significant difference between the various demographic factors of SHG members promoted by SKDRDP and Kudumbashree" is rejected as test chi-square shows that all most all the demographical factors shows highly significant difference except in case of monthly income and place of residence.
8. Mann Whitney test Z value test value indicate that there is no significant difference in the level of social empowerment among the members of SKDRDP and Kudumbashree, as $p = .419 > 0.5$.
9. Mann Whitney test Z value test value shows that there is no significant difference in the level of economic empowerment among the members of SKDRDP and Kudumbashree, as $p = .740 > 0.5$. Therefore H_0 : There is no significant difference in the level of economic empowerment among the members of SKDRDP and Kudumbashree is accepted.

VI. SUGGESTION

- Most of the members of SKDRDP self help groups are illiterate. Education is an important factor for empowerment. Hence, the prime objective for empowering rural poor women can be achieved through educating them. Effective measures should be taken to implement Adult literacy programmes through non-formal education centre to make the task of empowerment easier
- When compare to social empowerment the satisfaction level toward economic empowerment is low among the members of Kudumbashree, the officials should step forward to motivate the members towards self employment to generate a regular source of income.

General Suggestion

- The institutions undertaking microfinance activities should give financial as well as moral support to poor women to use their entrepreneurial skill and start their own business enterprises, which serve as a best remedy for poverty eradication and for improvement in standard of living.

VII. CONCLUSION

Microfinance through SHGs brings a greater impact on the concept of women empowerment .It focus on lifting up the status of women in the society. It has become a stepping stone for the poor women, to bring social, economic, politically and educational empowerment. The study shows a greater impact of microfinance programme through SHG in both Kerala and Karnataka.

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