

Research Article

Women Entrepreneurship & Empowerment through Self Help Group in Tumkur District

K. Poornima^{a*}^aReva Institute of Technology & Management, Bengaluru-64**Abstract**

As a developing country we know India is facing the problem of poverty & unemployment like any other under developed country. With the initiation taken by NABARD in 1986-87, Self Help Group was linked with banks. Formation of SHGs in rural areas to generate micro credits has become viable units to support various activities related to agriculture, dairy, cattle grazing, rural enterprises & the like. SHGs enhance the equality of status of women as participants by empowering them and also now society is considering women as opinion leaders. NABARD & other state government have revealed the information that the present challenge is to induce SHGs & their members to graduate into matured levels of enterprise. The overall objective of the present micro level study is to analyze the economic empowerment of women through SHGs in some selected villages of Tumkur District of Karnataka and to study and demonstrate that SHGs are the best formal micro level finance institutions to generate additional employment and income for needy people by involving them in planning, decision making and management of sustainable natural resource. The study showed that many members as individual & also as group are involved in entrepreneurial work. It was also observed that there is lot of scope for SHGs to take up venture.

Keywords: Women Empowerment, Self Help Group, Microenterprise

Introduction

Women owned businesses are highly increasing in the economies of almost all countries. The hidden entrepreneurial potentials of women have gradually been changing with the growing sensitivity to the role & economic status in the society. Skill, Knowledge & adaptability in business are the main reason for women to take up entrepreneurship. They span generations and are there in every field, From Tractors to television, from biscuits to banking, from HR to hospitals.

About SHGs

Many of the leading commercial banks in India has taken a noble mission to reach those families who were hitherto having no access to the credit by any formal financial institution & therefore, were depending on informal sources & moneylenders. Banks has successfully initiated various measures to widen its SHG network like: Sensitization of Staff, Special Training Program in SHGs, Close liaison with NGOs, SHG Cells, RUDSET etc., and a silent Economic Revolution has taken place slowly but steadily with the formation of SHGs.

One major group that is going to benefit from Micro Finance is women. Women make up nearly half of the

rural poor & they lack the required financial resources to either sustain themselves & their families or start a small enterprise. They form 80% of the clientele to Micro Finances. Credit obtained by them from these institutions have helped them improve their lives to large extent since they spend the money earned from their economic activities on their family to feed them & educate them.

Delivery Vehicles of Micro Finance

- Non Governmental Organizations
- Commercial Banks
- Micro Finance Institutions

Challenges facing Micro Finance

Many challenges faced by Micro Finance Institutions are multi layered & many challenges are local origin. In spite of their local origin, they have a significant impact on the functioning of the Micro Finance service providers in the rural areas. Some of the major challenges are:

- *Sustainability of the institution
- *Recovery mechanism of loans
- *Out reach of these institutions
- *Performance assessment of these institutions
- *Long-term socio-political impact of Micro Finance activities
- *Service delivery approaches

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Incept of Micro Finance Idea-The Micro Finance industry has its origin in 1970s to provide financial services, mainly loans, & non-financial business advisory services to the poor. The first of its kind was Grameen bank project of Bangladesh initiated by Professor Muhammed Yunus in 1976.

A New Business Model

In 1990s a new strategy for third world development arose which is referred to as Micro Entrepreneurship, Micro Enterprise or Micro Finance. This movement has emerged from the grassroots, from so called Informal economy. Social Scientists have conceptually divided a society's economic activities into the formal sector, such as factory or Office work, or the informal sector-survival on the street as the vendor or provider of services.

Role of Micro Finance in Rural Women's Economic Empowerment

The women from the rural region generally work for long hours to feed their families. Large numbers of women earn their livelihood in the informal sector. In the absence of formal employment, they created their own opportunities by becoming self-employed in the informal sector. Collateral requirements, banking formalities, high transaction cost of micro credit & cumber some procedures have resulted in restricting access to financial services especially for women.

Women Empowerment

The Micro Finance helped women by providing independent sources of income outside the home which reduces the dependency on the husband's income, by increasing the assertiveness of women & providing independent source of income with exposure to new sets of ideas, values & social support.

Institutional Objectives for reaching out to Women Clients

- *To address the struggles of poor women's against caste, class, & gender oppression in workplace & community
- *To achieve empowerment of women, which brings in social & economic change in the family society
- *To advance & promote the direct participation of economically active women in viable business, to improve their economic & social status by providing sustainable financial & non-financial services
- * To provide equal opportunity to women entrepreneurs to sustain & develop their economic activity by having access to collateral free funds
- *To increase access to financial services for micro & small business, particularly those owned & operated by women

Outreach

Today there is scarcely a village in Karnataka where an

SHG has not been facilitated. The state government is now the single largest SHG promoting institution. It is important also to note that even in the many government programmes that are not primarily SHG-oriented, SHGs are still included and budgeted for, mainly to engage and empower the poor and introduce a measure of equity, have remained 'poor-neutral'.

Self Help Group (Stree Shakthi & Swashakthi Groups)

An SHG is a small (12-20) group of poor people who voluntarily come together to address their poverty and other social issues. The core activity is mobilization of small savings from group members and group lending from accumulated savings as well as bank loans. It is for this reason that SHGs are also known as micro finance or microcredit institutions. Poor people who are viewed as security risks by the formal banking system are, thus, enabled to access small loans for both income generation and consumption purposes. The SHG also offers its members a much-needed space for dealing with economic, social and family problems in a group environment. This process, can contribute considerably to the 'empowerment' of SHG members though the actual effects of such empowerment may often be transitory or insubstantial if the programme design fails to support empowerment enhancing in a concrete manner.

There are around 2, 05,485 self-help groups (SHGs) in Karnataka under various departmental Programmes, the majority of which are WSHGs or women's self-help groups, a strategy which has emerged world wide as the single most significant economic development programme for women.

Functions of Typical SHGs

- Create a common fund by the members through their regular savings.
- Flexible working system and pool the resources in a democratic way.
- Periodical meeting. The decision making through group meeting.
- The loan amount is small and reasonable. So that easy to repay in time.
- The rate of interest is affordable, varying from group to group and loan to loan.

Objectives of the Research

- *To assess the role of Women entrepreneurs in creating new economy
- *To identify the profile of women entrepreneur
- *To identify the different factors that motivates women to take up entrepreneurship
- *How effective are the groups in managing their financial transactions?
- *Are the groups sustainable? Do they help in mobilizing women to take social action?
- *Who is really benefiting? Do the poorest benefit, do they

not join at all or if they do join, are they more likely to drop out?

*What are the different businesses in to which the women of these SHGs are into?

*What is the mode of operation?

*How they transformed their family & society (Vicinity) by addressing burning issues/problems?

*To assess the role of Women entrepreneurs in creating new economy

*To identify the profile of women entrepreneur

*To identify the different factors that motivates women to take up entrepreneurship

The objectives of this study were to assess the performance and measure the impact of the SHGs formed with reference to Stree Shakti and Swashakti.

Limitations of Study

*This study is limited to only the three selected villages under same Gram Panchayath

*As my study is based on convenience survey , it was unable to present more accurate information

*Many members are not ready to give actual information about the loan

*Some of the respondents are appear to be associated with some political parties & postponed my interview with them

*Poor response from respondents in providing necessary relevant primary data

*Time is one of the constraints for me to meet more respondents

Social Implication- It provides insights to the truths & myths about the role of women entrepreneurship in society as a whole and also capability/caliber of women as individual.

*Study Report-*For my study I have selected thirteen villages.

Demographic profile of the Villages under study is neighboring villages of same district. The geographical features of the region is well suited for mining, agriculture production being Coconut and Areca nut as major commercial products. Economically not so developed villages, most of them relied on farming, cattle grazing and the like.

Research Findings

Table No.1: Table Showing Villages wise information about SHGs

Number of Village in each Gram panchayath	No. of SHGs	Name of the Bank to which SHGs are linked
Ramanahally	27	State Bank of Mysore, Thimmanahalli branch
Biligere	18	State Bank of Mysore, Biligere
Bellavi	13	State Bank of Mysore

Table No.2: Table showing Village wise information about age of SHGs

Age of SHGs	0-1 year	1-3 years	3-5 Years	5 years & above
Ramanahally	8	11	5	3
Biligere	4	4	3	2
Bellavi	1	7	2	3

Table No.3: Table showing Village wise information about Micro entrepreneurship

Village	No. of Entrepreneurs	Business Involved
Ramanahally	29	Areca paper plate, Tailoring, agarbatti, Farm Bye products, cattle grazing
Biligere	34	Tailoring, coconut oil extraction, Baby jelly contract, Farming production
Bellavi	16	Petty Shops, Hotel, Farming, Floriculture,

Membership & Members

Women without discrimination of caste, creed/religion can become members of the group. Once there is consensus built among the members, immediately they will name the group with acceptance by all the members. Usually membership size is around 15-16 & a maximum of 20 people can form a group. Two members are selected as the representatives who takes care of accounting & documentation.

Savings and Credit

Cultivating the habit of regular savings and the ability to access them when required through credit not only reduces significantly the vulnerability of the livelihood base of the poor and their dependence, it also enhances human development. It enables them to borrow for urgent needs instead of going to moneylender. To avoid these things, members save from her pocket and weekly once group meets and pools equal savings from all the members. On that day or the next day one of the members should go and credit the pooled amount in the group's account in the Bank. It is on rotation basis that all the members need to go & address the bank work .Member that is taking care of the bank work is paid transportation expenses from the group fund.

Loans to members

Savings made by members are pooled and loaned to one another. SHG members determine the terms and conditions (these differ from SHG to SHG). Loans are provided for all purposes without making the traditional distinction between 'consumption' and 'income

generation'. The SHG model provides its members with the space and flexibility to make decisions that are appropriate to each situation. Only private moneylenders lend for such a variety of purposes with minimum fuss and paper work; all financial institutions and government schemes lend only for 'productive' purposes. But it is the 'life events' and emergencies that drive the poor to debt traps. It leads also to the diversion of loans taken from formal organizations/government into consumption loans, which they are unable to repay.

The percentage of interest levied on the loan is 2% across all the groups under the study.

Positive Features of the SHG - Bank Linkage Programme

The financial inclusion attained through SHGs is sustainable and scalable on account of its various positive features. The programme confronts many challenges and for further scaling up, these challenges need to be addressed.

Financial Inclusion of Poor Women

The notable thing is that more than 85% of the members of SHGs are poor and asset less. The SHG movement has been instrumental in mainstreaming women by-passed by the banking system.

Loan Repayments

One of the distinctive features of the SHG - Bank Linkage Programme has been very high on-time recovery. As on June 2010 the on-time recovery under SHG - Bank Linkage Programme was **84%**.

Challenges

Group Loans to SHGs and SHG Loans to Members

The average loan provided to new SHGs was Rs 25, 000. On an average, per member loans work out to less than Rs. 1600. Many believe that such loan amounts are grossly inadequate for pursuing any meaningful livelihood activity. Per capita loans in mature SHGs are increasing very gradually. It has also to be kept in view that members take very short term loans of 3 to 6 months on many occasions and there can be more than one cycle of borrowing/ repayment in one year.

Cost Recovery and Sustainability

It is important for banks to carefully work out their actual costs for SHG lending. While the SHG portfolio is often only a small part of the total bank lending, and since the portfolio quality is good, it may be possible to reduce interest rates while ensuring recovery of costs. In the initial phase of the SHG movement, the groups were formed by NGOs and hence start-up costs were low for banks. However, over the years, banks have also evolved as SHPIs. In the process, the start-up costs of group formation, etc. have evolved on the banks, impacting their

pricing policies. It is an accepted fact that banks will base their lending

From Microcredit to Microenterprise – Challenges Economic benefits

Often, a micro finance scheme is judged purely in terms of mobilization of savings, lending and repayment. The larger issue of reducing women's economic exploitation by either the market or her family is not factored when preparing report cards even while organizers loudly proclaim the scheme is emancipating. Emancipation, however, does not just happen as a by-product of micro finance. The objectives of the study were to assess the growing role of and the impact of the SHGs formed with reference to Stree Shakti and Swashakti in empowering Women.

The functioning of SHGs as micro-credit institutions

- Their effectiveness in reducing poverty
- Their effectiveness as gender empowerment catalysts
- Their role in effecting changes, if any, in women's status in the family and the community
- Their effectiveness as agents of socioeconomic change
- The adequacy of inputs provided to SHGs by government.

Sustainability is the key to the success factor of any financial institution. The same holds good for Micro Finance institution that are providing financial services in rural areas. In spite of the hoopla surrounding the micro finance loans & their success, one glaring aspect that has not been addressed properly is the recovery mechanism of the loans that are provided to the micro entrepreneurs. Although some Micro Finances have 99% collection rates, many have been languishing with mountains of bad debts & very high default rates. Most importantly there is no provision among these institutions to guard themselves against bad debts. So there is a requirement on part of these institutions to have proper risk management framework to guard themselves against any potential loss of capital in the form of bad debts. Outreach of these institutions is another problem area for Micro Finance. In spite of their reach there has been a debate whether majority of the poor are having access to the credit flow. Of late there has been criticism of these institutions that they have not reached the real poor and they have been serving rural communities that are not so poor and their reach is not broad enough to serve the needy.

Major Findings about Features of the Groups

- *Members reflects a diverse membership covering different social & economic categories, including poor
- *It seems more significant that for women been an SHG member
- *At group level, SHG is not homogenous by wealth

- *SHG leaders are of all castes, reflects caste composition of their group
- *Replacement of group members are usually the relatives or family members of the existing member
- *Many members left the group when they feel that they can't pay the savings because of economic & family problems

Micro Entrepreneurship

Some of the major ventures undertaken by the members of SHGs are

- *Seasonal Business (leasing mango groves, keeping stalls in villages fairs/festivals)
- *Incense Sticks (Agarbatti)
- *Areca paper plates/bowls
- *Hotel
- *Broom sticks
- *Medicine agriculture (Growing Marigold & Gherkin)
- *To eatable business (pickle, papad, snacks and the like.....)
- *Cattle Grazing
- *Bangle Stores/Stationary Shop
- *Financing

Suggestions for Banks for promotion and sustenance of SHGs in the State are

- * Banks may continue the emphasis on repeat finance to meet growing needs of SHGs
- * Maintain good repayment culture in SHG portfolio
- * Identify, develop and support micro enterprise amongst SHGs members
- * Finance diversified activities

Conclusion

As proportion of women in the workforce became increasingly noticeable, gender differences among senior and junior staffers turned out to be noteworthy in a work place, from factory floor to fighter planes, from hospitals to banks in urban areas. In rural areas, it is SHGs which showed arena and motivated women for formal affiliation to groups not just for improving Economic Status but also to handle family better than earlier. They proved themselves that they are good transformational leaders of their family as well as society by effectively and efficiently using the available sources. But still there is lot more to prove and at the same time their present performance is not negligible. This micro study shows that SHGs are leading Women to become empowered.

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