



AN ECONOMIC ANALYSIS OF PROGRESS OF WOMEN SELF HELP GROUPS IN KARNATAKA

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Abstract : *The Self-help Groups (SHGs) are voluntary gathering of persons who contribute to universal desires or evils that are not being addressed by accessible organizations or institutions. The extensive purpose of a self-help group is to convey about socio-economic transform amongst its members and the society. All of those groups stress face to face interface between members and anxiety a set of ethics or thought that enhance a member's individual wisdom of individuality.*

Self-help groups have been promoting by financial institutions are usually viewed as possible sources of customers. "They are inclined to center on credit provision, and investment in the institutional capacity building of SHGs is limited, these SHGs hardly ever move into social activism, of the three broad categories of SHG-promoting institutions mentioned above, financial institutions may have the smallest numbers, but in a way they are the most noteworthy since these initiatives of bankers to become directly concerned in SHG formation have helped to normal the SHG strategy in their priority sector portfolio and to create it a normal lend activity of banks".

INTRODUCTION

The Self- Help Groups is that they present credit to the unfortunate at unsubsidized interest rates in addition have comparatively low non-payment rates on these loans. SHGs decrease *business costs* of financial institutions that do dealing with the poor and that of the SHGs themselves. "They condense the cost of financial institutions by performing as mediator organizations or by provided that social collateral those substitute for costly loan appraisal and supervisions". SHG advance has made extensive collision on the maturity of rural financial system in terms of "mounting savings of the poor, on

condition that right of entry to credit for the deprived at sensible rates of interest by establish linkage with the official financial institutions, civilizing the production levels and income levels, growing food security and normal of living, civilizing asset formation and ornamental earnings generation behavior, augment environment sustainability and contributing for the much desirable women empowerment. With the fervent roles played by the NGOs, the banks, the public and the governments, over an episode of one and a half decade", the SHG approach has malformed into an association in the rural areas.



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The promote institution stand-in a momentous blame in the way an SHG develops and functions. "The Stree Shakthi Programme, anchor by the Department of Women and Child Development, attempt to focal point the deliberation of members on limitation domestic violence against women, promoting girl child education, preventing child marriage, etc., up-scaling the number of SHG to 100,000 meant that all activities did not take place as planned due to budgetary constraints".

OBJECTIVES OF THE STUDY

The specific objectives of the present study are as follows;

- 1 To analyses the progress of women self-help groups in Karnataka.
- 2 To evaluate the socio-cultural and political factors which promote and hinder the formation and functioning of SHGs among women in the case study region.

RESEARCH METHODOLOGY

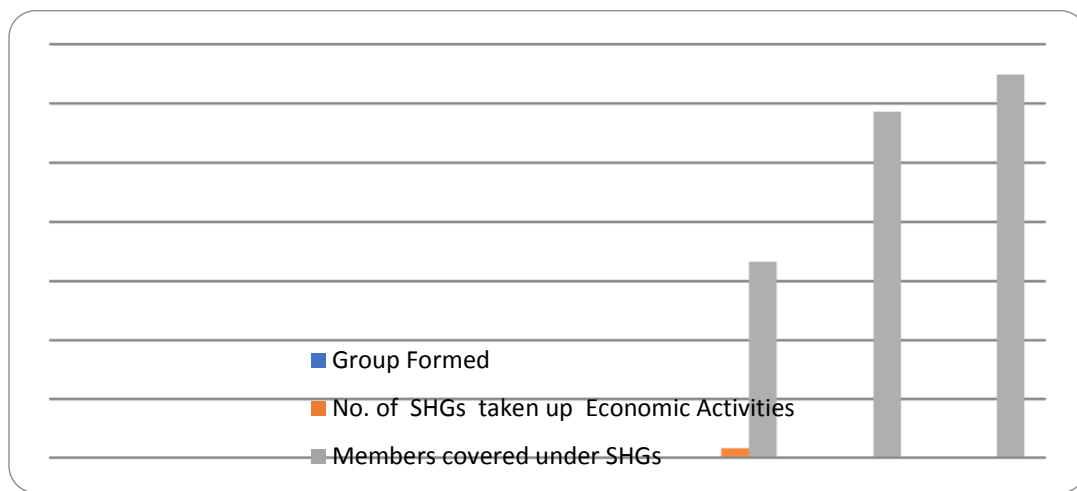
The present study is based on secondary as well as primary data. Though, ever since it is a grass root level enquiry it heavily depends upon primary data sources. In this study the primary data have been composed from interviewing with suitable questionnaire.

- various publications of central, state and local governments
- existing literature and data in websites
- various publications of national institutions like NABARD,RBI, NIRD, NIBM and other agencies
- other sources like books, magazines, newspapers, reports, articles, seminar papers published by universities and research institutions.

Details of the Self - Help Groups in the state of Karnataka

‘Sl. No.	“Year”	“Group Formed”	“No. of SHGs taken up Economic Activities”	“Members covered under SHGs”
01	‘2008 – 09	2,002	‘895	10,638
02	2009 – 10	3,167	910	10,936
03	2010 - 11	5,627	975	11,002
04	2011 – 12	6,150	1,000	12,521
05	2012 – 13	6,750	1,232	12,769
06	2013 - 14	1,11,511	79,895	16,64,824
07	2014 – 15	1,95,585	1,27,000	29,30,989
08	2015 – 16’	2,24,928	1,98,546’	32,44,909

“Source: NABARD Reports, Various Issues”.



The above table indicates that there is an growing movement in-group formation, groups in use up economic behavior and also members covered under SHGs in Karnataka since 2008 –09 to 2015-16. “During the year 2008-09 there were 2007 SHGs, after 2009 groups formation have been steadily improved up to 2,24,928 in 2015-16, in terms of members enclosed under SHGs also amplified from 10,638 in 2008-09 to 32,44,909 in 2015-16 respectively”.

The SHGs, as primarily conceive, are not just groups that support savings and supply credit, they are intended to expand into institution that give confidence human development and empower their members. “The most important objectives of building participatory institutions of the meager such as SHGs is to supply the members with an opportunity and the space to develop a vision and mission, to develop and uphold organizational and financial management systems, to grow in self-assurance and skills to administer their lives and hearten their interests in the in the private and public domains, to establish the linkages necessary for an institution to function productively and

sustainably, and to sustain its members to become agents of social change”.

There is sufficient proof to authenticate the claim that in this procedure, the members of the SHGs build new relationships, which are more impartial in terms of gender and decision-making and more equitable in reserve distribution, within the group, in the home and with other institutions and groups in society.

Geographical Spread of SSGs and their Membership

At the finish of March 2015, the state of Karnataka had fashioned 1.40 lakh SSGs with a membership of more than 20 lakh women members. “The average number of member’s works out to 14, which is a good number for sustainability of the behavior of the groups, however, the reporting of members was hardly 14% of the eligible population in the state. Across social groups, about 21% of members were from SC community, 8% from ST community and the rest 72% from all other communities”. “Hence, the contribution of SC and ST community women is in proportion of their respective shares in total population, though, efforts need to



be made for superior addition of women from these sections for benefitting them to a better extent”.

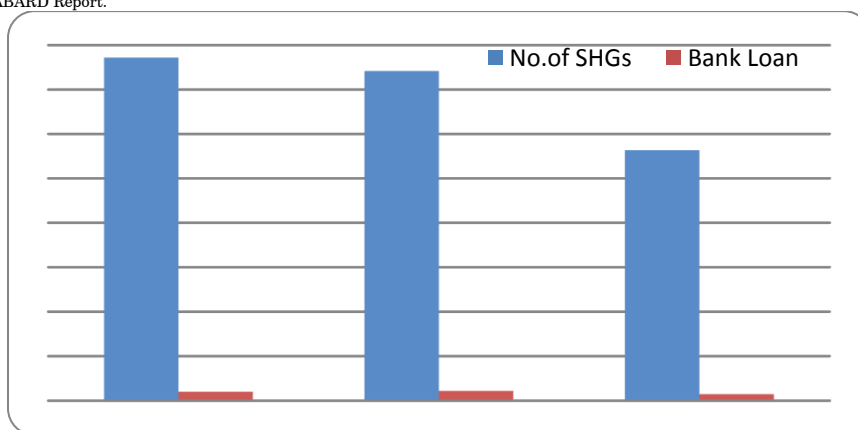
The Belagavi district of Karnataka has report the highest share of SSGs followed by Tumakuru, Mandya, Mysuru, Hassan, Kalburgi, Ballari, Chitra Durga, Chikkaballapura, Raichur, Davanagere, Ramanagaram and Haveri. “These 13 districts having more than

3.3% each, shared 60% of total SSGs in the state, Kodagu district has the least proportion of SSGs followed by Uttara Kannada, Koppal, Yadgiri, and Udupi, these five districts shared 8.4% of SSGs of the state, the remaining twelve districts between 2 and 3.3% of state SSGs shared the enduring 31% of SSGs of the state, consequently, the distribution of SSGs is quite twisted”.

SHG- Bank Linkage – Agency-Wise Cumulative Participation in Karnataka 2016 (Rs in million)

Sl. No	“Name of the Agency”	“No.of SHGs”	“Bank Loan”
01	“Commercial Banks	38,605	1,006.79
02	Regional Rural Banks	37,087	1,094.73
03	Cooperative Banks’	28,174	734.66
	“Total”	“103,866	2,836.18”

“Source: NABARD Report.”



The above tables obviously indicate that “all the financial institutions have provided maximum bank loan to self-help groups, commercial banks have provided Rs.1,006.79 million and they have formulate 38,605 SHGs in Karnataka up to 2016”. The Regional Rural Banks have also play a noteworthy role in providing bank loans to SHGs and even Cooperative Banks also participated in promote SHGs in Karnataka. Savings made by members are united and loaned

to one more.

SHG member decide the terms and circumstances. Loans are providing 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 circumstance, only private moneylenders lend for such a variety of purposes with smallest amount fuss and paper work; all



financial institutions and government schemes lend only for productive purpose". But it is the life events and emergencies that drive the poor to debt

traps. It leads also to the distraction of loans taken from formal organizations and government into consumption loans, which they are unable to reimburse

SHG- Bank Linkage – Physical & Financial Progress of Participating Regional Rural Banks up to 2015-16 (Rs in millions)

"Name of the RRB"	"Cumulative No of SHGs provided with bank loan up to 2015"	"No. of SHGs provided with bank loan during 2015-16"	"Cumulative bank loan disbursed up to 2015"	"Bank loan disbursed during 2015-16"	"Cumulative bank loan disbursed up to 2016"
'BijapurGrameena Bank	824	584	25.47	25.73	51.20
Cauvery Grameena Bank	4,114	2,087	119.81	81.56	201.37
Chikmagalur – Kodagu Grameena Bank	120	136	3.84	4.58	8.42
ChitradurgaGrameena Bank	3,248	1,369	95.63	46.50	142.13
KalpatharuGrameena Bank	1,612	1,875	38.96	75.05	114.01
Kolar Grameena Bank	1,203	865	31.42	22.23	53.65
Krishna Grameena Bank	2,409	1,579	70.32	35.84	106.16
MalaprabhaGrameena Bank	2,557	2,981	55.33	88.70	144.03
NetravatiGrameena Bank	747	194	20.99	5.90	26.89
Sahyadri Grameena Bank	1,420	332	55.04	26.10	81.14
Tungabhadra Grameena Bank	3,152	2,410	76.55	47.84	124.39
VaradaGrameena Bank	219	271	4.51	9.84	14.35
Visveswaraya Grameena Bank'	304	475	6.96	20.03	26.99
"Total"	"21,929"	15,158'	604.83'	'489.90'	1,094.73"

'Source: NABARD Report.

It must be distinguished, that apart from their savings, SHG members also credit all the interest earn on loans to the group's universal fund. "Improved lending has been made probable through accessing loan funds from financial institutions, after the SHG- Bank

Linkage Programme was launched in 1991-92, under this pogramme, there are no subsidies for the asset, yet it has grown, predominantly after 2009, and is today the largest micro finance programme in the world". The reimbursement rates average around 95



percent’.

The self help group members have measured their capability to raise loans from banks and their capacity to negotiate with banks directly as a major indicator of amplified levels of pledge and self-esteem. “These provide some insights into SHG member’s ability to access finance from conventional institutions, quite a few members say that the learnt to sign after joining the group, although this might seem like a minor attainment to most of us to SHG members, it seems to be away of gaining acceptance in the

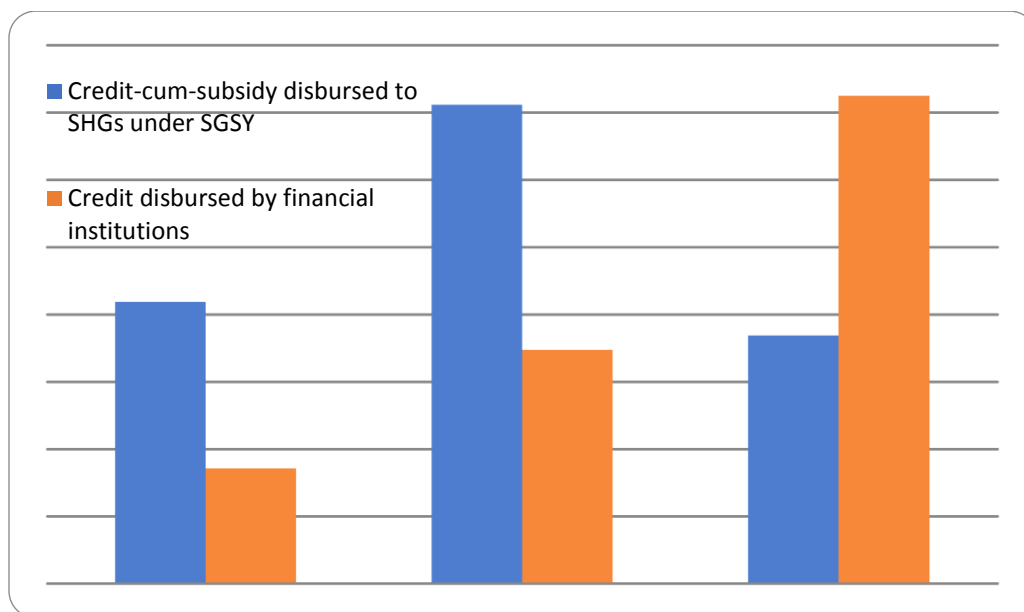
‘mainstream’ and a source of pride, many members spoke of how they were up to that time ashamed to conduct bank transactions, as they used thumb impressions in place of signature, only after learning to sign were they contented about going to a bank”. It was after joining the SHG, that they had gained the confidence of conduct bank transactions on their own, and future bank officials for loan

Credit disbursements to SHGs under SGSY and Bank Linkage Programmes (Rs. In lakh)

‘Year’	“Credit-cum-subsidy disbursed to SHGs under SGSY”	“Credit disbursed by financial institutions”
‘2013-14	4,187.91	1,714.00’
2014-15’	7,114.86	3,475.39’
2015-16	3,688.87	7,249.50’
“Total”	14,991.64	12,438.89

‘Source: 1. SHG-Bank Linkage Programme in Karnataka, NABARD.

2. Ministry of Rural Development 2015-16 for SGSY.’





The credit funds provide under the SHG-Bank Linkage Programme in Karnataka contrast favorably with the credit disbursed to SHGs in Karnataka under the Swarna Jayanti Gram Swarajgar Yojana'. "It may be recall that all the previous loan-cum-subsidy programmes of the Central Government for the rural poor, including IRDP and DWACRA, have been merged under SGSY, the SGSY programme is mainly intended to provide loans to groups, due to various compulsions, individual beneficiaries are also being included in large numbers but they are not considered the primary target". Consequently, Table- 4.7 shows the loans given to SHGs only.

Financial Inclusion of SSGs

The self-help groups help out in achieve financial inclusion; consequently, governments are with them for the said reason through various means. "The Government of Karnataka has initiated many schemes in this regard, as mentioned previously. 'The SHGs are provided with revolving fund for commencement their income generates and other activities, while the data on SSGs availing the rotating facility is not available but the data on the amount of the fund provided are".

"As at the end of 2014-15 the total gyrating fund disbursed to the SSGs amounted to Rs. 88.11 crores throughout the state, which amounts to Rs. 6,290 per SSG'. SSGs in Bangalore, Bangalore (Rural), Chitradurga, Tumkuru, Chikkamagaluru, Dakshina Kannada, Chamarajanagar, Belgravia, Bidar, Yadgir and Raichur established revolving fund superior than the state average, on the other hand the lower value of the coefficient of disparity implies that SSGs in all the districts have been equally excited

in getting revolving fund".

The primary indicator of financial inclusion is the amount of SSGs availing credit from banks which is a part of the in general SHG-Bank linkage scheme. "It may be seen from Table that SSGs in Bangalore, Chitradurga, Udupi, Mysore, Chamarajanagar, Bagalkot, and Bidar districts have 100% bank linkage, on the other hand, Belgravia, Dharwad, Vijayapura, Kalaburagi, and Kolar had bank linkage between 90 and 100%, and the state common is around 91%". Hence, there is still a large chunk of groups, particularly in backward districts largely from north Karnataka that is not linked to banks.

A greater indicator of financial inclusion of SSGs is their average amount of borrowings. A total of Rs. 2,607.19 crores was availed by the SSGs in the state as a whole, which works out to Rs. 1.86 lakhs per group in 2014-15. "It ranges between Rs. 4.70 lakhs in Kodagu and Rs. 20,000 in Yadgir, the inter-district difference was as high as 72%, it may be observed that 13 districts - 12 of them from south Karnataka (Kodagu, Mandya, Uttara Kannada, Udupi, Hassan, Chikkamagaluru, Ramanagara, Bangalore (Rural), Bangalore, Shivamogga, Chamarajanagar, and DakshinaKannada and Haveri from north Karnataka) reported average borrowings higher than the state average, further 10 districts viz., Belagavi, Bagalkot, Koppal, Gadag, Vijayapura, Ballari, Raichur, Dharwad, and Yadgiri (all of them from north Karnataka) and Davanagere from south Karnataka, reported less than Rs.1.00 lakh of average bank borrowings by the SSGs, consequently, financial inclusion is somewhat poor in the northern Karnataka districts".

A third pointer of financial inclusion is the savings mobilized by



these groups. “During 2014-15 the total savings mobilized in the state was Rs. 1615 crores, the average saving being Rs. 1.24 lakhs per group. Bangalore, Bangalore (Rural), Kodagu, Mandya, Dakshina Kannada, Udupi, Hassan, Chikkamagaluru, and Ramanagara from south Karnataka and only Dharwad from north Karnataka reported average

savings higher than the state average”. As a result, saving is also relatively poor in the districts of north Karnataka. The details of the stree shakthi group’s financial inclusion in the state of Karnataka.

Financial Inclusion of SSGs in Karnataka

S. No.	‘Districts	‘RF/SHGs (Rs. 000s)’	‘% SHGs availing loans’	‘Loans/SHGs (Rs. lakhs)’	‘savings/group (Rs. lakhs)’
1	‘Bangalore	6.45	100.00	2.90	3.98’
2	‘Bangalore(R)	6.51	92.84	3.01	2.53’
3	‘Ramanagara	5.93	89.71	3.27	1.23
4	Chitradurga	7.43	100.00	1.77	1.19’
5	Davanagere	5.91	97.37	0.71	1.14
6	Kolar	5.88	64.88	1.55	0.91
7	Chikkaballapura	5.80	90.91	1.16	0.87
8	Shivamogga	6.01	96.74	2.45	1.07
9	Tumakuru	8.09	97.93	1.51	0.93
10	Chikkamagaluru	6.21	93.60	3.41	1.29
11	Dakshina Kannada	6.50	100.00	1.97	1.40
12	Udupi	6.64	100.00	4.55	1.39
13	Hassan	6.00	99.72	4.46	1.33
14	Kodagu	6.10	95.72	4.70	1.96
15	Mandya	5.74	97.89	4.59	1.57
16	Mysore	5.76	100.00	1.09	1.14
17	‘Chamarajanagar	6.36	100.00	2.06	1.14’
18	Belgravia	6.81	79.66	0.78	0.66
19	Vijayapura	6.17	75.54	0.65	0.75
20	Bagalkot	6.28	100.00	0.67	1.11
21	Dharwad	5.74	79.50	0.34	1.34
22	Gadag	5.49	85.93	0.66	0.66
23	Haveri	6.03	95.00	2.23	0.98
24	Uttara Kannada	5.49	96.72	4.56	1.12
25	Ballari	6.25	91.84	0.65	1.06
26	Bidar	6.57	99.97	1.35	1.17
27	Kalaburagi	3.06	71.57	1.73	1.12
28	Yadgiri	10.00	86.14	0.20	0.48
29	Raichur	6.66	95.36	0.64	0.84
30	‘Koppal’	6.21	97.18	0.66	0.87’
	“State”	6.29	91.63	1.86	1.15
	“CV (%)”	‘16.91	10.22	72.35	52.29’

Source: DES, 2015



SUGGESTIONS AND CONCLUSION

1. Despite limitations, the achievements of the SHG Bank Linkage programme were laudable within the shortest span that is less than a decade. But it is now necessary to rectify the lapses of the programme. Its implementation of the programmes with similar ingredients with the help of Self Help Groups hampers the success rate.
2. The rapidly changing business environment or social environment may spell disaster on the members the SHG itself; whatever prudence or competence they may have. A mechanism like "Safety Net" be adopted for them i.e. an insurance coverage should be designed to give the SHGs protection against such mishaps. The SHGs again do not have the legal status which can provide them Social Safety Net. Building viable social safety nets to protect assets through risk management strategies should be initiated by NGO/MFIs. Social safety nets are also a necessary to prevent poor people from falling into deeper poverty.
3. The subsidy amount may be used for developing rural infrastructure to facilitate backward and forward linkages.
4. The success of this programme requires extension of supporting services by the Government agencies and other partners in growth like CARF, etc. Government in the development of market, transport system and communication, etc.
5. As many unscrupulous players are entering into the micro finance services sector taking the advantage of the huge gap of demand and supply of finance to this sector and unprecedented increase in the supply position, the regulatory mechanism should be in place. When it is realized that, the poor are now bankable with profit, many private bankers, private equities and corporate foundations with the social mission are entering into this industry. It is good to have the sources augmenting but the very mission should not more in a wrong direction. For the reasons to prevent vested interest parties and to foster an orderly development of micro finance industry a supportive and conducive legal framework has become an imperative.
6. In this process the financial and operational performance of all the MFIs be analyzed capturing the dimensions of sustainability, productivity, efficiency and portfolio quality.
6. The uneconomic land holding of the marginal farmers necessitates substitution of traditional crops for high value crops. For that matter proper development of infrastructure in the form of irrigation net-work, single window input delivery system along with technical services and market support should be strengthened in the rural areas.
7. The inadequacy of loan component to meet the enhanced cost of materials and quality assets coupled with inescapable consumption needs reduces the profitability and sustainability of the enterprises and the sustainability. The quantum of loan assistance inclusive of subsidy component should, therefore, be adequate to match the enhanced cost of raw materials, cost of seeds/inputs and the cost of quality assets. A portion of the loan component earmarked for the working capital



could be released annually for the maintenance of assets.

In group lending situation where the business of the individual member exceeds their investment and working capital requirement, it may be difficult then on the part of SHGs to provide. In such a situation the individual members should try to establish direct link with the banks.

The self-help groups have happening execution all over India, in some areas they are functioning effectively, whereas in some areas they face evils. "The percentage rate of augment in the number of participating banks has shown a incredible increase of 41 percent in 2002 and a significant decrease of 2 percent in the year 2009, but on the whole the number of participating banks has exposed a mounting tendency throughout the period, in SHG Bank linkage, the donation of SBI among the public sector banks and ICICI among the private sector banks, rank first and also in extend utmost percentage of loan to the self-help groups".

"The donation of public sector banks in promote SHGs and extending micro credit is supplementary important than that of private sector banks during the period of study, the percentage contribution of commercial banks is highly significant in promoting SHGs and extending the bank loan to SHGs in India compared to the regional rural banks and credit cooperative banks".

"The region-wise examination during the study period indicates that regarding the support of SHGs, the commercial banks, RRBs and cooperative banks have done better in southern regions, north eastern region and eastern region in that order. In this way, SHGs are very winning to expand women empowerment and rural areas in Karnataka.

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