

## **Empowering Women through SHGs and Micro Finance Initiatives in India for Inclusive Growth**

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### **ABSTRACT**

*Maximum population in India lives under poverty. 50% of population living under poverty consists of women. Women are left behind from mainstream inclusiveness programmes conceived by the governments. Women empowerment and gender equality are important for the development of the country. India has grown in strides due to economic reforms however, the poor and vulnerable especially women are left out. The eleventh and twelfth five year plans have impacted growth and impacted lives of poor and marginalised. This paper aims to examine the status of women in India and women empowerment in context of inclusive growth. The paper concludes that in spite of “gender inclusive growth” claim, women in India have been continuously by passed and marginalised in the growth process.*

**Keywords:** *Inclusive growth; Status of women; Women empowerment.*

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### **1.0 Introduction**

In recent years women empowerment is grabbing attention around the world Diasporas. The Beijing Declaration and Action plans held in 1995 “initiated a move to focus on women’s empowerment.” In the year 2000, the new century’s initiatives and

Objectives furthered enhanced the movement for “women’s rights in areas such as education, health, and poverty.” Developmental programmes initiated in India in the year 1990 have propelled India into one of the fastest growing developing country. However all the developmental initiatives under taken by the Indian government sidelined the most marginalised population of India including woman. Nevertheless, it is important to note that every section of the society need to be uplifted and empowered in

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such a way that each section of the society should contribute to the growth of the economy. In order for this to happen, the developmental reforms undertaken by the government of India should reach each and every marginalised sections of the society. In order to achieve uniform growth, the planning commission made an effort in developing holistic five year planes in eleventh and twelfth plans not only focussing merely on economic growth but also bringing in marginalised poor and especially rural poor women into main stream sections to contribute positively to the growth of the country

### **1.1 Women empowerment and inclusive growth**

It is a complicated task to extract precise meaning of women empowerment based on existing literature. Different authors have different meaning coined to the word women empowerment. The work by Dreze and Sen (1999) has been appreciated widely for laying a way forward for a humane and holistic society by expanding people choices. Kabeer (1999) explains women empowerment as “the expansion in people’s ability to make strategic life choices in a context where this ability was previously denied to them”. This paper considered Amartya Sen’s assertion as it includes several dimensions of economic, social, cultural and political aspects of the society. The World Development Report 2012 has given several dimensions to the word women empowerment as control over resources, ability to exert decisions, freedom for movements by the women and raising the voice against injustice and ability to influence policy makers in decision making processes. On the other hand the United Nations (Kabeer, 2012) defined as women’s empowerment is a combination of five different factors such as women’s sense of self-worth, freedom of choices, access to opportunities, ability to control their own will within and outside home and ability to persuade social changes. The socio-economic census of India in 2011 shows disturbing trends. The survey shows that more than 75% households of India live below Rs.8000per month income. Since, India has largest population in the world; this trend shows that India has largest population living as economically weaker section. Additionally, 40% of the Indian population are landless and equal population are homeless living in urban low rental areas.

The problem of women in poverty is in fact even more complex. Over the last two decades, the number of women living under poverty has increased over the period of time in comparison to men. Due to many economic and social factors, nearly half of the population constituting women live under poverty. In order to bring in women under mainstream society, in the year 2000, NABARD promoted microfinance. The microfinance institutions help poor to help each other for credits. Thereby generate income to improve livelihood. Currently, under the self-help group there are two models

of microfinance, they are: bank linkage model (SBL) and the microfinance institution model (MFI).

In SBL, Self-help groups are financed by banks through microfinance institutions. India has the largest number of SBL models. Microfinance institutions are involved with poor women to help them to come out of poverty. Under the microfinance, credits are delivered for immediate consumption for productive purposes. The credit is used for asset creation by creating small enterprises.

It has been established that small enterprises bring in additional income with increase in consumption levels for children education and general improvement in standard of living. However, the pertinent question is to what extent the SHG members are making use of these credit opportunities for productive purposes. Also how SHG can produce sustainable incomes for rural households. With these questions in mind, the present study attempts to understand the impact of microfinance programmes aimed at rural poor using the survey of Yallur Taluk in Belagavi district of Karnataka state.”

## **2.0 Literature Survey**

Earlier research in the area of women empowerment has identified the most significant factors for women empowerment are women's education in rural areas; the health and hygienic conditions of rural women and ability to influence policy makers by undertaking political movements and control over the resources. Malhotra et al. (2002) argue the necessity of expanding empowerment with inclusion of six dimensions such as economic, social, cultural, legal, political and psychological. The author further argues that empowerment has three levels consisting of household, community and broader areas. The term inclusive growth means a growth which ensures equal opportunities for all sections with special emphasis on rural women, children and senior citizens who are most marginalised. As per the commission of World Bank, the inclusive development refers to equality of opportunity, protection in market and employment transitions.

The holistic growth approach lays emphasis on long term productive development of the marginalised society while income distribution schemes are very short sighted focussing on immediate relief to the marginalised sections of the society. It is important to note that populist income distribution schemes make economy weak and dysfunctional (Ianchovichina and Lundstrom, 2009). In the field of micro financing and women empowerment through self-help groups has resulted into a considerable literature as a result of interest shown in different aspects of economic relations by social scientists during the last two decades.

The women empowerment makes an immense contribution in overall inclusive development and social change in India. Baghel and Shrivastava (2015) argue that self-help groups play an important role in development of women. The study conducted by the authors affirms that self-help activities promote income generating activities among women for more fulfilled and all round development to achieve stability. Mishra (2016) made an attempt to know the difficulties faced by the beneficiaries regarding self-employment, marketing, finance, product and quality, infrastructure and facilitators to realise that overall stability was achieved by microfinance inclusion.

Thakur (2016) explores that at the grass root level the microfinance scheme is being implemented through the commercial banks, co-operatives and regional banks with government agencies. It also reveals that microfinance can contribute to poverty eradication programmes. Uma and Rupa (2013) indicate that the poor in India have no access to credit from a formal source. SHGs have been considered as a very cost effective initiative which helps groups in financial inclusion. The study confirms that women SHG help their family members to have an access to credits and thereby make women socially and economically empowered. Goto (2013) revealed that poor members asset creation and consumption requirements are taking out poverty through SHG modelled microfinance initiatives. Tankha (2012) conducted a study on “Banking on self-help groups – Twenty years on.” The book attempts a critical assessment of the growth of the SHG movement in the country. The research paper focused on three issues related to SHGs like cost effectiveness and impact on livelihood. The author has reviewed existing affairs of SHGs and attempted to address what should be the next phase of development in SHGs

The repayment rates were high and that the bank linkage made difference in the lives of the SHG members when they availed loans. The researchers conclude that many other non financial areas such as social stability, gender balance significantly and positively impact the society by self help groups (Reddy and Manak, 2005). Research by Vasantha (2015) states that Microfinance through self help groups acts like a catalyst for poverty elevation and women empowerment. It is recognised that a potential tool for reducing poverty. The involvements of down trodden and economical weaker sections including women have been benefitted by SHG movements. The SHG movement has resulted in to bringing in general awareness building self confidence and courage influencing women empowerment.

A research by Sarumathi and Mohan(2011) discussed the problems of women members in SHGs and also studied the influence of microfinance in women empowerment under psychological economical and social factors. Various research conducted in the area of financial inclusion through self help group have noted that

SHG's are playing important role in improvement in standard of living for women. Further, researchers Shijina and Ezreth, (2016) emphasized that SHG's provide financial relief to poor and illiterate during distress further researchers. Anjugam et al (2007) opined that microfinance institutions in Tamil Nadu have made very high impact on women empowerment in lower sections of society

### **3.0 Scope of the Study**

The study is limited to understanding the initiatives taken by Karnataka state for uplifting the status of women and also analyzing the impact of SHGs in socio economic development of women in Yallur taluk of Belagavi district.

### **4.0 Objectives**

1. To understand the concept of inclusive growth through women empowerment.
2. To identify the initiative taken by state of Karnataka for women empowerment.
3. To analyze the progress of the initiatives taken by state of Karnataka for women empowerment.
4. To determine the economic development of women through formation of SHGs.

### **5.0 Research Methodology**

- An exploratory and descriptive research was conducted. Primary data was collected by administering a questionnaire on the members of SHGs in Yallur Taluk of Belagavi District. Secondary data was collected through reports and annual surveys conducted by Karnataka, web sources, journals, articles and books.
- Sample Size: 05 SHGs consisting of at least 20 members each, total 100 members of SHGs in Yallur
- Sampling method: A stratified random sampling method was used to collect the sample. Each SHG was treated as strata.

### **5.1 Women empowerment initiatives in Karnataka**

The half of the population of Karnataka includes women. As per recent census report carried out in the year 2011, report that 49.31% women existence of the total population of the state. The percentage of SC women in Karnataka is 8.53% and All India 8.08%.

## 5.2 Women empowerment schemes in Karnataka.

In the recent past, women empowerment has grabbed the attention of policy makers. The women empowerment has been considered one of the pivotal aspects of societal development. Keeping this thought in mind, Department of women and child development of Karnataka state government has come up with many action plans for the up-liftment of women and children of rural areas

**Streeshakthi** : For economic empowerment, it is essential for a women to have access to productive resources and financial autonomy. SHG offers a good medium for women to come together. Streeshakthi was launched in 2000-01 and implemented throughout the state. Streeshakthi enables 15- 20 women from lower poverty section to form a SHG. To avail benefits under this scheme woman can be belong to families that don't have land or are agricultural labourers, and largely SC/ST. Presently there are 1.54 lakh self help groups, with 22.20 lakh women members. Upto November-2017 the groups had saved Rs.2837.26 crore since inception. 140024 groups to the extent of Rs. 6155.95 crore have availed bank loans and there has been Rs.5387.71 crore internal loan circulation which is used for undertaking various income generating activities. Programmes like revolving fund, financial incentives, providing marketing facilities for the products produced by SHGs etc. are taken up by the department. It was decided to provide marketing facilities at the taluk level as large number of groups were taking up income generating activities. In a phased manner Taluk bhavans were constructed from the year 2007-08.” (Table 1)

## 5.3 Karnataka state women's development corporation (KSWDC)

The Karnataka State Women's Development Corporation (KSWDC) was incorporated in 1987 for social and economic development of women. The institution has been implementing various schemes benefitting women in Karnataka (Table 1).

**Table 1: Progress under Streeshakti Scheme**

Years	Expenditure (Rs. In Lakhs)	Achievement (No of groups)
2013-14	1452.8	29176
2014-15	6443.52	128870
2015-16	6332.9	126658
2016-17	7957.59	144295
2017-18	3642.45	71753
(up to November 2017)		

*Source: Karnataka Economic Survey Report 2018 (www.planning.kar.nic.in)*

**Udyogini:** “Udyogini is planned to support revenue generating activities by women and the same is encouraged through loan from banks and subsidies from KSWDC. For women belonging to SC/ST category maximum loan of Rs.3.00 lakhs who’s family income does not exceed Rs.2.00 lakhs, a subsidy of 50%, special category women, a subsidy of 30% of the venture cost subject to a limit of Rs. 10,000 and for general category women, a subsidy of 20% of the project cost subject to a maximum of Rs. 7,500 is provided.” (Table 2)

**Women training programme :** “Under this scheme, various job oriented and skill training programme such as dress designing, embroidery, hospitality, food processing, beautician, media, videography, computer training are provided to women which can aid self employment, with a special focus on widows, physically handicapped and the destitute. The training programmes are organized through RUDSETI and bank sponsored training Institutes.” (Table 3)

**Table 2: Progress under Udyogini Scheme**

Years	Target		Achievement	
	Physical	Financial	Physical	Financial
2013-14	10500	935	10259	636.54
2014-15	11598	1030	11994	1030
2015-16	15000	1100	12433	1100
2016-17	13824	2084	13824	2163
2017-18	3578	2000	2862	1000
(upto November 2017)				

*Source: Karnataka Economic Survey Report 2018 (www.planning.kar.nic.in)*

**Table 3: Progress of Women Training Program**

Years	Target		Achievement	
	Physical	Financial	Physical	Financial
2013-14	6080	300		
2014-15	3600	360	2776	171.22
2015-16	5650	360	5650	360
2016-17	4160	416	7688	416
2017-18	4160	416	2080	208
(upto November 2017)				

*Source: Karnataka Economic Survey Report 2018 (www.planning.kar.nic.in)*

#### 5.4 Marketing assistance scheme

This offers assistance in terms of marketing activities undertaken by the women entrepreneurs. The scheme offers many platforms wherein women entrepreneurs can showcase their products. This scheme is helpful for Streeshakti groups (Table 4)

#### 5.5 State resource centre

This scheme is a subset of KSWDC which has identified thirty women counselling centres providing information on self employment, training and assistance in marketing activities (Table 5).

#### 5.6 Micro credit scheme

In the year 2011-12 this scheme was introduced. At the inception of the scheme Rs.1.00 lakh of loan with 6% interest was disbursed per Self Help Group. From 2015-16 this has been enhanced to Rs.2.00 lakhs with no interest with a view to improve the economic status of members of Self Help Groups. Each eligible group will be provided Rs.2.00 lakhs as interest free loan by KSWDC to engage in group activities. (Table 6)

**Table 4: Progress of Marketing Assistance Scheme**

Years	Target		Achievement	
	Physical	Financial	Physical	Financial
2013-14	1520	100	1728	32.75
2014-15	3975	110	2908	86.67
2015-16	3150	86	2965	76
2016-17	3150	114	2805	85.5
2017-18	3150	100	0	0
(upto November 2017)				

*Source: Karnataka Economic Survey Report 2018 (www.planning.kar.nic.in)*

**Table 5: Progress of the State Resource Scheme**

Years	Target		Achievement	
	Physical	Financial	Physical	Financial
2013-14	9000	100	3808	27.19
2014-15	7500	110	6600	29.51
2015-16	9250	89	15396	64
2016-17	12250	114	15060	85.5
2017-18	10000	125	6166	40.18
(upto November 2017)				

*Source: Karnataka Economic Survey Report 2018 (www.planning.kar.nic.in)*



**Table 6: Progress under Micro Credit Scheme**

Years	Target		Achievement	
	Physical	Financial	Physical	Financial
2013-14	4500	300	2195	131
2014-15	4960	330	5263	330
2015-16	250 groups	500	250	500
2016-17	500 groups	1000	419	838
2017-18	500 groups	1000	100	200
(upto November 2017)				

*Source: Karnataka Economic Survey Report 2018 (www.planning.kar.nic.in)*

### 5.7 Interest subsidy scheme to women entrepreneurs (KSFC)

Under this scheme, women entrepreneurs are eligible to procure loan from Rs 5 lakhs to Rs 50 lakhs from KSFC to launch small and medium enterprises. The interest charged is 14% for loans out of which 10% interest is paid by Karnataka State Women's Development Corporation (KSWDC). 10% interest amount will be paid upto 5 years after sanction of loan by KSFC. 12 months time off period is fixed for repaying principal amount. The interest part of KSWDC will be attuned after 4% of interest part paid by the loan receiver. The interest subsidy will be applicable for a total period of 5 years from the date of sanction of loan."

### 5.8 Schemes introduced in the Year 2016-17 by Hon'ble chief minister

**Samrudhi scheme:** Women Street Vendors are given an amount of Rs. 10,000/- under this scheme. (Table 7)

**Dhanashree scheme:** Under this scheme, Rs.50,000/- (Rs.25,000/- Loan and Rs.25,000/- incentive) loan from KSWDC is being given to women coming under the age group of 18-60 years who are suffering from HIV to undertake income generating activities. (Table 8)

**Table 7: Progress of Samrudhi Scheme**

Years	Target		Achievement	
	Physical	Financial	Physical	Financial
2016-17	1000	1000	8273	827.3
2017-18	10520	10520	5260	526
(upto November 2017)				

*Source: Karnataka Economic Survey Report 2018 (www.planning.kar.nic.in)*

**Table 8: Progress of Dhanshree Scheme**

Years	Target		Achievement	
	Physical	Financial	Physical	Financial
2016-17	1000	500	1000	500
2017-18	989	500	494	250
(upto November 2017)				

*Source: Karnataka Economic Survey Report 2018 (www.planning.kar.nic.in)*

**Saviruchi scheme:** In the year 2017-18 this scheme is being implemented and was launched on 27-02-2018 in order to promote District Sreeshakthi Federations. An amount Rs. 10.00 lakh interest free loan is extended to each Sreeshakthi Federation.

**ParikarSahayadhana scheme:** Under this scheme, 10,000 fair price shops run by women/joint ownership are provided necessary equipment at the cost of Rs.5000/- each.

### 5.9 Case of SHGs at Yallur Taluk

A study was conducted for analyzing the impact of self help groups in uplifting economic status of women members of SHGs in Yallur. According to the data provided by Karnataka Grameen and Panchayat Raj Department there are 24 SHGs in Yallur Taluk. For collecting the responses for the study 05 SHGs were considered having at least 20 members. A questionnaire survey was administered for 100 women members and responses were collected towards analyzing the impact of SHGs and the micro credit scheme provided by the state of Karnataka.

### 6.0 Results

It can be observed from Table 9 that 40% women took loan for starting their own business, 24% for debt repayment, 19% for meeting domestic needs and 17% women for productive purpose.

**Table 9: Purpose of Loan**

Options	No. of respondents
Starting own Business	40
Debt payment	24
Domestic needs	19
Productive purpose	17
Total	100

*Source: Primary data collected by author*

It is evident from Table 10 that 34% of women felt that there is easy access to loans for urgent needs, 31% of respondents are benefited economically because SHGs give liberal loans, and repayment is easy. It can be observed from Table 11 that 33% of women are into home food preparation business, 29% in vegetable vending, 17% in tailoring, 13% have grocery shop and 5% women have tea stalls.

**Table 10: Economic Benefit**

Options	Number of respondents
Easy loans for urgent financial needs	34
Easy repayment	31
Encourages savings	35
Total	100

*Source: Primary data collected by author*

**Table 11: Nature of Business**

Options	Number of respondents
Tea shop	5
Grocery Shop	13
Tailoring	17
Vegetable Vending	29
Food Item preparation	33
Total	100

*Source: Primary data collected by author*

It can be observed from Table 12 that 54% of women responded that they feel financially stable and are able to make a good living for their family after becoming member of SHG, 13% women were able to construct a house, 2% women were able to purchase land, 6% women were able to support their children for education, and 25% were able to start their own business.

**Table 12: After Joining SGH is There a Change in Your Economic Status?**

Options	Number of respondents
I feel financially stable and I am able to make good living for my family	54
I built house	13
I purchased land	2
I am able to educated my children	6
I started my own business	25
Total	100

*Source: Primary data collected by author*

**Table 13: Motivational Factors**

Sl. No.	Motivational factors	Frequency
1	Savings	82
2	Financial problems	90
3	Social security	64
4	Employment generation	70
5	NGO intervention	60
6	Friends/relatives inspiration	20
7	Social status	58

*Source: Primary data collected by author*

Table 13 elaborates on motivational factors. It is quite evident from Table 13 that 90% of the respondents indicated about financial problems. This aspect motivated them to going in for loans offered by SHGs with lesser interest rates. 82% of the respondents indicated future savings for unforeseen events, 64% for social security, 70% for employment generation and 58% social status achievement motivated them to establish SHGs. Another important aspect to note is 60% of the respondents mentioned that NGO motivated them to form SHGs whereas 20% mentioned that friends and family members were inspirational for them to come up with SHG establishment

## 7.0 Suggestions

With the focus on poverty and employment among rural women, the development of income generating activities has to be approached strategically for inclusive growth. They are:

- Credit provisions extended to women should be tied up with support components of training in management skills to enable women borrowers to become confident in managing their micro enterprises.
- The SHG members should be motivated and convinced that self-employment micro enterprises will be an effective source of daily and continuous income to improve their standard of living.
- Microfinance schemes have to emphasize the usage of loans for only productive purposes.
- Non-governmental should be formed to provide linkages between SHGs and micro financing institutions.

## 8.0 Conclusion

SHGs “in Karnataka have proved to be an effective mechanism for the accumulation of small and regular savings of women pooled for future use of loans. Most of the women in India who are poor or living in rural area act as bread winners and are burdened with huge responsibility of taking care of their family. In such a situation SHGs have been a great support and help for women.”

The study confirms that women through SHGs are increasingly becoming economically independent and thereby bring stability in their personal income. The literature on microfinance has indicated that women have the potential, skill and ability to succeed in microenterprises. An improvement is found in the living conditions of the women members after they joined SHGs. Also there is a feeling that the use of loans for domestic and family need can help improvement in their living standards.”

There has been considerable growth and development achieved through various initiatives under taken by the government. However, there is a need to include women into societal developmental activities for holistic development of the society. Women need to be engaged in political decision making so that balance of power can be achieved. These can be achieved through various educational programmes, mentoring sessions, workshops on skill development. The sustainable developmental goal under taken by the government are crucial for women’s inclusion for holistic development.

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