

Micro Finance and Women Empowerment: A study on Self-Help Groups with special reference to Ramanagar District, Karnataka

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ABSTRACT

The paper explores the highlights and functioning of Micro finance through Self Help Groups in Karnataka. The objective of the study is to examine the loan accessibility with indigenous bankers and formal credit bankers for women and also focuses on grant assistance taken from NABARD over a decade. The data reveals that 2 villages namely Chikkanahalli and Sugganahalli were predominately access loan through money lenders and friends rather than formal financial inclusion. The paper also highlights the women participation in Self Help groups pertaining to bank linkages and access of credit has been tremendous moving in a positive urge. It also tells that women participation in economic activities helps in decision making but lacks training, education market access and delayed loan processing. There is a need for market linkages, loan, training facilities needed for the essential women empowerment. The paper concludes that micro finance plays a pivotal role in women empowerment through SHG's but the challenge of financial inclusion and economic participation remain unchanged.

Keywords: Joint Liability Groups, Self Help Groups, Loan Disbursement, rural women, micro credit.

1. INTRODUCTION

The advent and progress of Microfinance and Self-Help Groups, has gone way beyond the fundamental objective of merely catering to the needs of the impoverished. Microfinance has been viewed as a strong remedy for curbing deficit and chronic indebtedness that was experienced by the rural lot in developing countries like India. Of the various forms of microfinance, Self Help Groups (SHGs) and Joint Liability Groups (JLGs) have been popular models, helping the realization of socio-economic goals.

Some notable milestones accomplished by Microfinance in India are as follows:

- Microfinance has disbursed the loans in the Year 2023 for up to 93,122 crores at different ways through banks like NBFC (Non-Banking Financial Institutions), Private Banks, NBFC - MFIs (Non-Banking Financial Companies specializing in Microfinance) and SFB (State Finance Bank) as per the report NABARD. Through Joint Liability Groups the loans were taken through a micro credit basis. It attempts to make sure that loans were given without collateral.

- The Achievements of Kudumbashree projects in Kerala and Sanjeevini Programs in Karnataka which has made tremendous efforts in providing loan disbursed, marketing of products and increased income in development of Self help Groups and Women Empowerment at State wise.
- It is seen that microcredit programs have impact the members in taking up household decisions. In evaluating policies based on the supportive environment through AIM policy of urban women can also participate in economic and household decisions in legal rights in their propert
- Through SHG - Bank linkage programs microfinance has provided a formal financial lending for women which is leading in promoting financial inclusion activities.

In India, the state of Karnataka has benefited immensely with Microfinance. The Micro Financial Institutions serve more than 63 lakh borrowers as at 2024, who are individuals availing various forms of microcredit services. Over the past two decades, Micro Financial institutions have become popular in Karnataka, and have a very good code of conduct, strongly driven by RBI guidelines and Stipulations. 'Fostering entrepreneurship', 'Generation of employment' and 'Women Empowerment' are the key focus areas of Micro Finance in Karnataka. Some major accomplishments of MicroFinance in Karnataka are:

- With the Implementation of Self Help Groups that focuses on Socio Economic and psychological empowerment Kumar and Reddy (2018) highlights that Microfinance focuses on poverty alleviation and focuses on women's growth in Bidar District Karnataka
- The Programs organised by MFIN and the Association of Karnataka Microfinance Institutions (AKMI) here on Thursday, the office-bearers said that microfinance customers had shown "alacrity in learning about good credit discipline, regular repayment and respect for lending institutions' advice to borrow within their capacities."
- The Stree Shakti Sangha in Karnataka has focused on promoting Self-help groups from the grassroot level. Many saving activities have been promoted. The AKMI (Association of Karnataka Microfinance Institutions) focused on promoting and developing the transparency, better corporate governance and increasing the financial inclusion through enhance growth and reducing cost in Digital transformation.
- The total gross loan portfolio of microfinance institutions in Karnataka has surged from INR 16,946 crore in March 2019 to INR 42,265 crore in the last financial year that ended March 2024, said Microfinance Industry Network (MFIN), a Self-Regulatory Organisation (SRO) recognised by the RBI.
- Through Self helps groups with the advent of Sanjeevini programs led by the Karnataka Government, Women were engaged in many income generating activities like preparation of Papads, pickles, opening a restaurant and agricultural activities. Through Microfinance In SHG's women earnings have improved, the standard of Living has improved through which she has also played an important role in decision making with regards to purchase of an asset, child's education too.

However, MicroFinance in India in general, and Karnataka in particular, also suffers from inherent challenges. Some of the typical challenges faced by Micro Financial institutions in Karnataka are:

- There is a lack of training programs for women, even though there are many Government initiatives taken for upliftment of empowerment through SHG's in microfinance, due to involvement and responsibilities led by the household affairs are more when compared to economic activities.
- There is a need in providing some knowledge for the members in the areas of microfinance institutions pertaining to the working of it and availability of loans which are provided from banks.
- There is a lack of getting loans for the people, delays, problems in marketing the products, nonavailability of raw material and lack of training as the main challenges faced by the members of Self help Groups through micro finance.

The present paper aims to look into a few key statistics pertaining to the salient features of microfinance in Karnataka. An observation of the future of MFIs and SHGs has also been made in this regard.

2. LITERATURE REVIEW:

Microfinance has always been perceived as a unique economic development tool which was introduced with an objective to assist low-income strata of women who aim to work their way out of poverty(Girish & Veerabhadrappe, 2020) . As per NABARD, Karnataka stands 5th in client sharing in microfinance lending activities(Archana & Kusuma, 2023), and the primary purpose involves protecting both lenders and borrowers from various forms of risks. In addition, the Microfinance and RBI stand together in execution of the same.

Microfinance emerges as a vital tool for poverty reduction and driving social change, which are key factors in promoting women's empowerment (Fathima & Ojha, 2020). Low level of skills, lack of access to training, facilities and credit, literacy, ignorance coupled with their invisible contribution to family economy, restricted mobility as a result of gender bias and lack

of linkage facilities are some of the contributory factors for the backwardness of the women in the rural areas. The SHG is the institutional informal setup through which the micro credit is routed by the formal and semi formal microfinance institutions to assist the poor women (Kheni, 2016).

In the context of Uttara Karnataka in particular, the SHGs have better nutrition, higher income, self-employment, and education that has impacted women empowerment through SHG BLG programs making financial aspects widely accessible. There is a need for awareness, education and training for SHG members to be included (Naik, 2024). This is especially important, especially when in the context of Karnataka, high service cost, low financial status are some of the reasons for financial exclusions. (Keshava & Lohith, 2013). MFIs have helped many women who have reported socio economic transformation and heading towards better standard of living in their livelihoods (Vipinkmar & Lekshmi P S, 2012). Micro credit, is of immense help to various micro-enterprises, as the initial capital required for the micro venture may come through micro credit which in many cases is supplemented by bigger loans through linkage of the SHG with some nationalized bank in the area, and in some cases may also receive bank end subsidy support (Ramakrishna, 2014).

At the outset, it is very important to understand some key statistics on borrowing patterns of a few selected rural areas in Karnataka, and analyze the prospects for SHGs and JLGs for women empowerment.

3. RESEARCH METHODOLOGY

The present study takes a look at two selected villages in Karnataka, namely Chikkanahalli and Sugganahalli, in order to understand the borrowing patterns of household. There are two forms of loans, that have been taken into account, one being finance from banks and MFIs, and the other being indigenous money lenders and landlords. Secondary data have also been employed to understand SHG savings linked to bank and credit exclusively meant to support women. The data descriptions also contain participants covered under various programs of the NABARD.

The objectives of the study are as follows:

1. To understand the various sources of finance for farm households from indigenous sources and banking sources.
2. To assess the role of SHGs in exclusively catering to the needs of women with respect to savings and credit.
3. To assess the cumulative Grant Assistance for SHG for women

4. PERCENTAGE ANALYSIS AND GRAPHS:

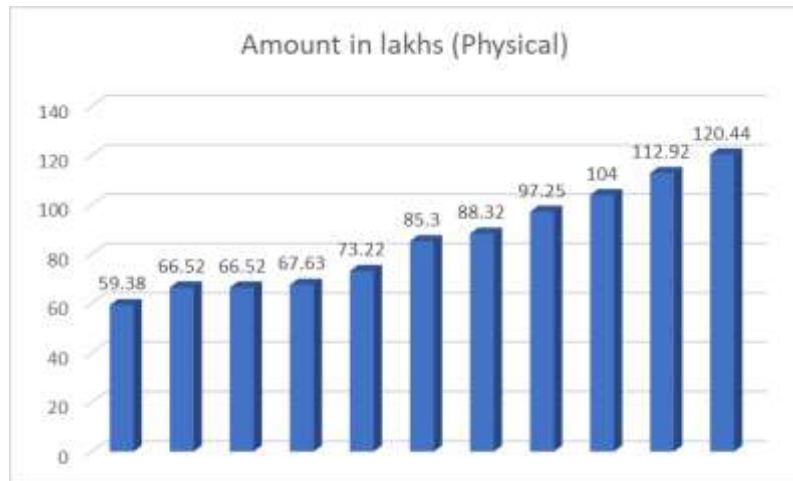
4.1: SHG savings linked with banks exclusively women from 2013 – 2023

Year	Amount in lakhs (Physical)	Financial (crores)
2013	59.38	6514.87
2014	66.52	9264.33
2015	66.52	9264.33
2016	67.63	12035.78
2017	73.22	14289.42
2018	85.3	20473.55
2019	88.32	23320.55
2020	97.25	32683.08
2021	104.00	42104.77
2022	112.92	52455.48

2023	120.44	55277.69
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Source: Secondary data - Micro finance Reports In India

4.1: Graph showing the representation of SHG's savings linked with banks for past 10 years



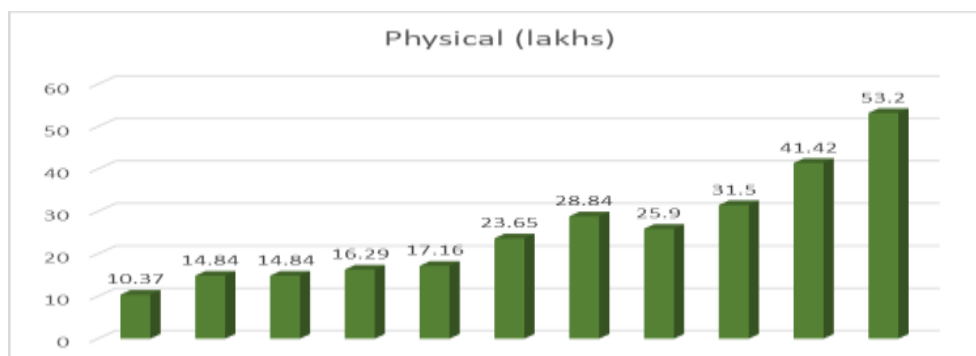
The above table and graph shows the relationship of SHGs savings linked with banks exclusively for women for the past ten years. It is observed that loans taken in each year are at an increasing rate pertaining to all over India. The highest loan taken is one twenty lakhs during the financial year 2023.

4.2: Number of SHGs with credit linked with women from 2013 to 2023

Year	Physical (lakhs)	Financial (In crores)
2013	10.37	17854.31
2014	14.84	24419.75
2015	14.84	24419.75
2016	16.29	34411.42
2017	17.16	36103.13
2018	23.65	53254.04
2019	28.84	73297.56
2020	25.90	54423.13
2021	31.50	93817.21
2022	41.42	139315.8
2023	53.20	202716.08

Source - Secondary data Microfinance Reports in India

4.2: Graph Showing Number of SHG'S with Credit linked with women for the period of 10 years



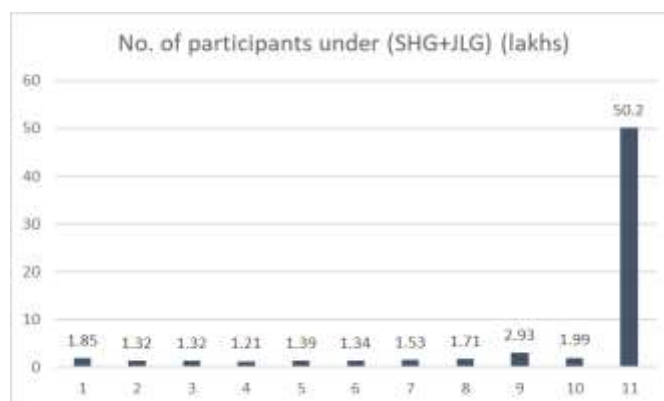
The above table and graph show the number of SHGs with credit linked with women from 2013 to 2023. It was seen that the women SHGs had linked their bank accounts which means they were undertaken credit for their activities. From 2013 till 2023 the credit linkage has moving at an increasing rate.

4.3: Participants Covered under various programs of NABARD relating to SHG and JLG programs from 2013 - 2023

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
No. of participants under (SHG+JLG) (lakhs)	1.85	1.32	1.32	1.21	1.39	1.34	1.53	1.71	2.93	1.99	50.20

Source: Secondary data Micro finance reports in India

4.3: Graph showing number of participants covered under NABARD programs through SHG and JLG for 10 years



The above table and Graph explain the number of participants participating in NABARD programs from the past 10 years. It includes SHG with Joint liability groups from 2013 to 2023 The Highest people reached the target was 50 lakhs for the financial year 2023. The least was in the year 2016 pertaining to 1.21 lakhs of people who participated.

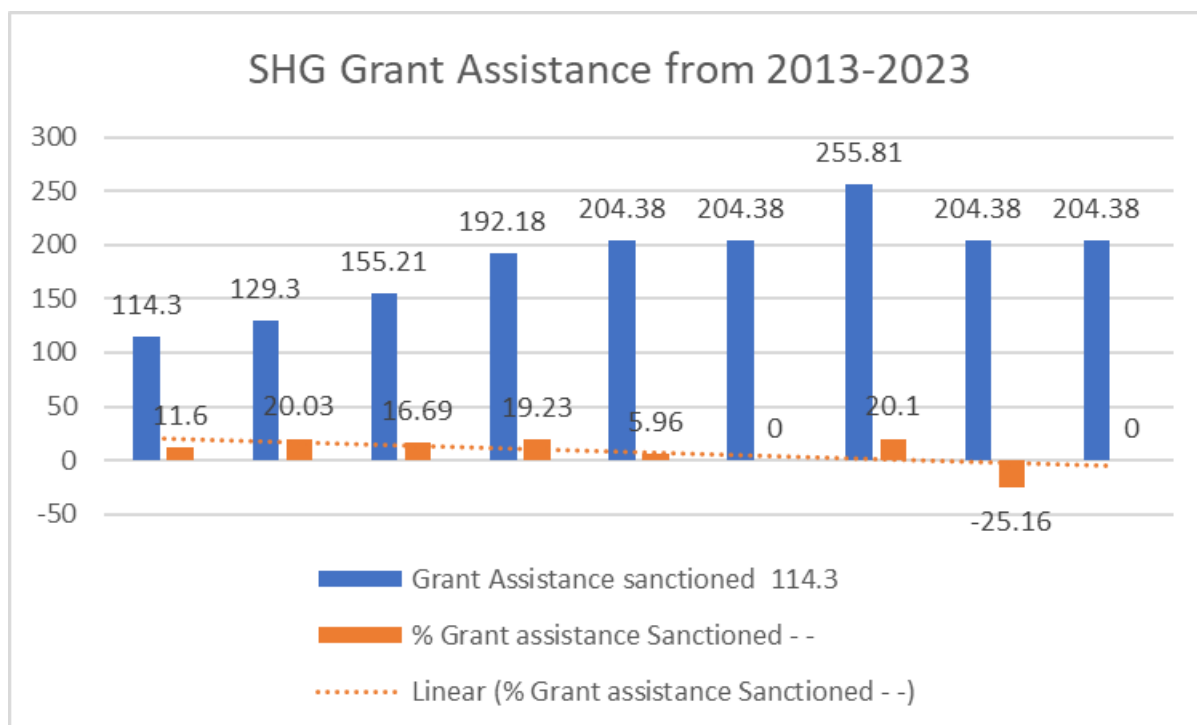
4.4: Cumulative Grant Assistance for SHG under Women SHG

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Grant Assistance sanctioned		114.30	114.30	129.30	155.21	192.18	204.38	204.38	255.81	204.38	204.38

% Grant assistance Sanctioned	-	-	11.60	20.03	16.69	19.23	5.96	0	20.10	-25.16	0
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Source: Secondary data Micro finance Reports in India

4.4: Graph showing the grant assistance for SHG which was sanctioned for the period of 10 years with trend line



The table explains the grant assistance made for Self-help groups Exclusively women from 2013 till 2023. The grant assistance which is made is highest in 2022 and 2023 amounting to 204.38 lakhs. The percentage change in the grant assistance has made an analysis that there is a negative change in the percentages in the year 2022. In the year 2020 and 2023 there is no change with the previous year amount sanctioned to Self Help Groups. The Trend line which is drawn analysis that during the year 2022 there is a decline in grant assistance having the negative state.

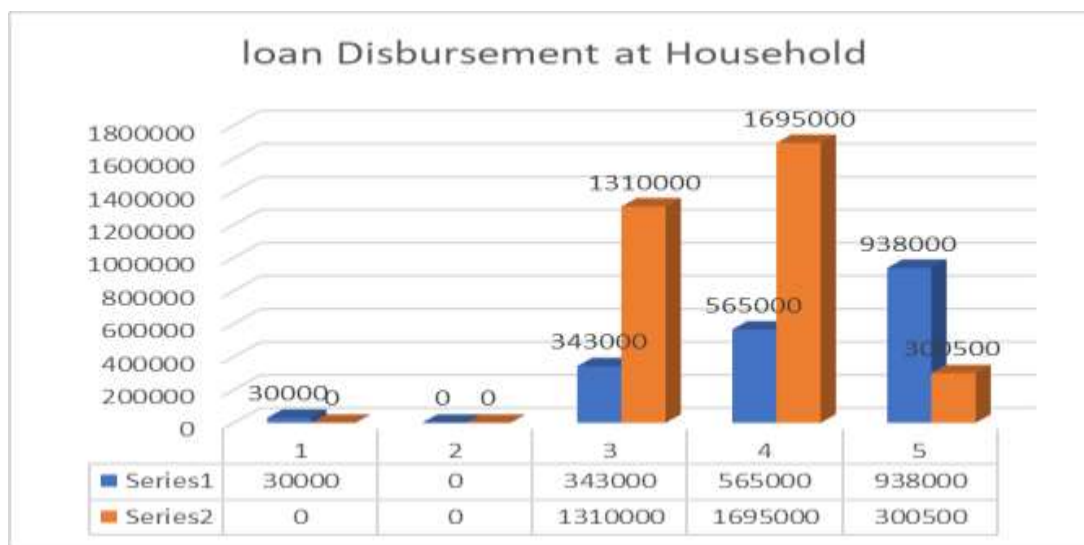
4.5 Sources of loans from other than Indigenous sources

Chikkanahalli				
Types of Lenders	No of loans Of Household Farm	Amount Borrowed	No. of Loans of Mixed Household	Amount borrowed
landlord/ farmers	1 (7%)	30000 (3%)	0	0
Traders	0	0	0	0
Money lenders	8 (50%)	343000 (37%)	6 (40%)	1310000 (44%)

Chikkanahalli				
Friends/ relatives	6 (43%)	565000 (60%)	9 (60%)	1695000 ((56%)
Total	14 (100%)	938000 (100%)	15 (100%)	3005000 (100%)

Source: Primary Data March 2022

4.5: Graph Representing the sources of loans taken from Indigenous sources



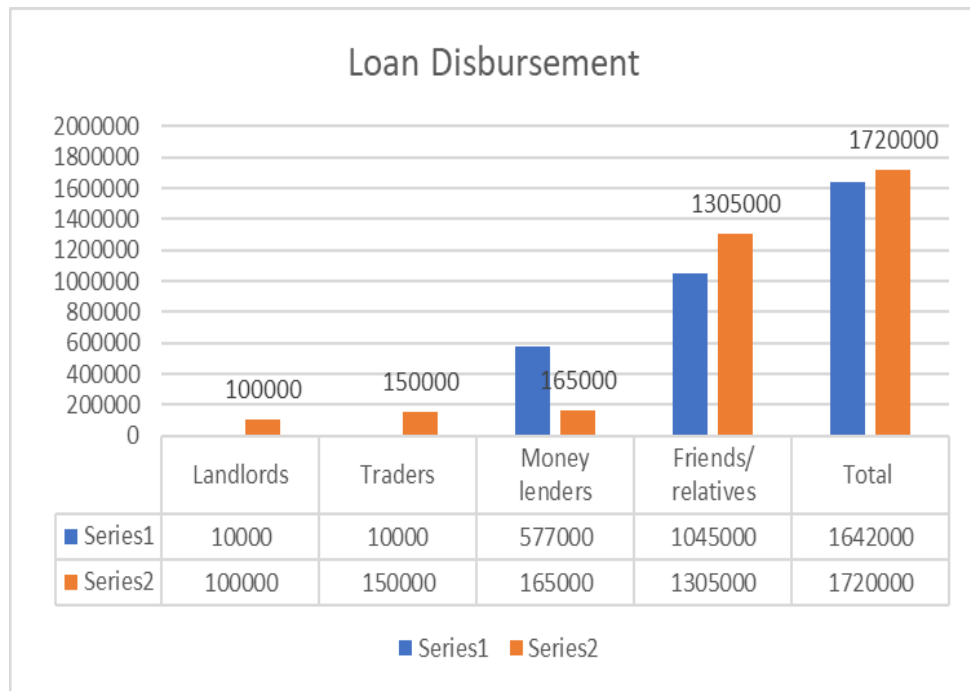
From the above table and graph, it is seen that the total number of farm household Fourteen where the loan has been obtained the highest loan taken from Money lenders unto fifty percent which amounted to three lakhs forty-three thousand and the least is from landlord for seven percent amounted to thirty thousand. The loan taken from a mixed household is nine percent and fifty six percent from friends and relatives. It is also seen that no loans taken from traders and landlord from mixed households. In the above graph Series 1 represents Amount borrowed from Farm household and Series 2 represents mixed household pertaining to Chikkanahalli, Ramanagar District.

4.6: Table Representing Loan Disbursement of Formal Credit Sector of Sugganahalli

Sugganahalli				
Type of Lenders	No. of Loans of Farm Household	Amount Borrowed	No. of loans of mixed Household	Amount Borrowed
Landlord/ Farmers	1 (9)	10000 (6.0)	1 (6)	100000 (6)
Traders	1 (9)	10000 (0.60)	2 (13)	150000 (9)
Money Lenders	3 (27)	577000 (35)	4 (25)	165000 (10)
Friends/ Relatives	6 (55)	1045000 (64)	9 (56)	1305000 (75)
Total	11 (100)	1642000 (100)	16 (100)	1720000 (100)

Source: Primary data in March 2022 Note: In bracket percentage

4.6: Graph showing the loan disbursement of formal credit sector



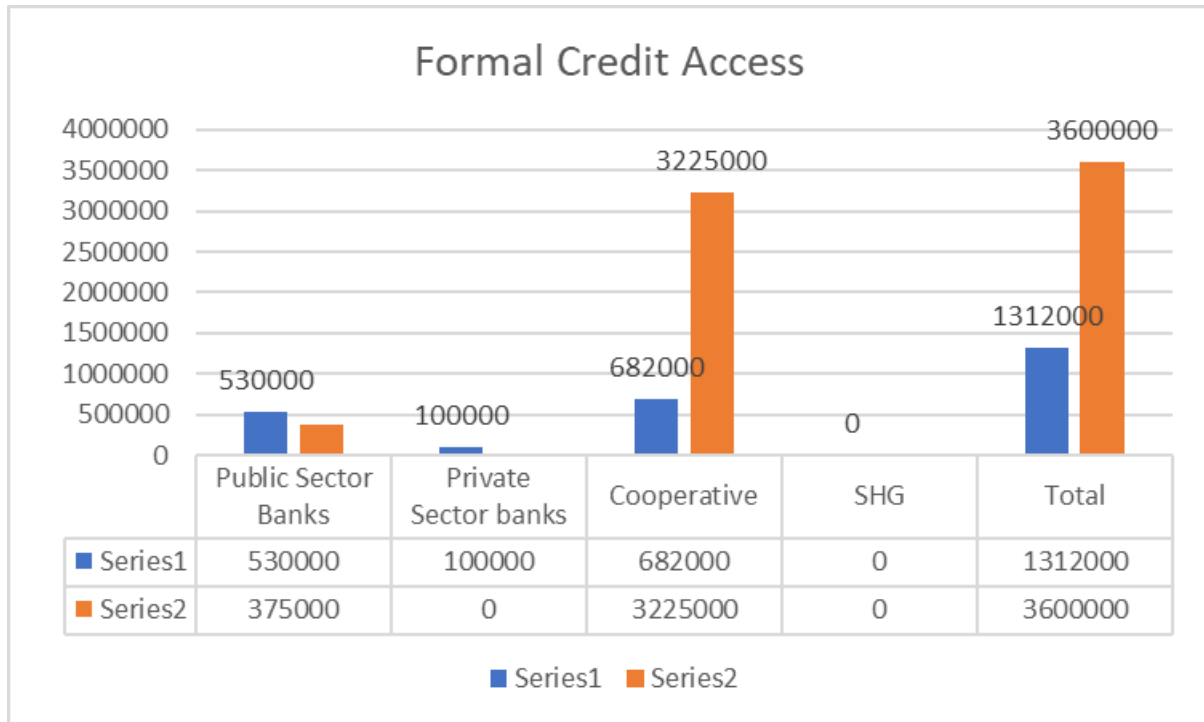
In the above table and graph shows the relationship between the two households namely farm and mixed households. The loan amount taken is highest from friends and relatives at ten lakh forty five thousand with six percent and the least is with landlords and traders at ten thousand. This is pertaining to farm household loan disbursement. The mixed household has highest loan seeking from Friends and relatives for nine percent amounting thirteen lakh five thousand and the least is with landlords and friends at one percent amounting to one lakh only. The series 1 represents farm household and Series 2 represents mixed household of Sugganahalli, Ramanagar District. The Series 1 represents Farm household sector and Series 2 represents mixed household sector.

4.7 : Structure of Formal Credit Markets

Chikkanahalli				
Type of Lenders	No of loan from Farm household	Amount borrowed	No of loan from Mixed Household	Amount Borrowed
Public Sector Banks	6 (50)	530000 (40)	3 (19)	375000 (10)
Private Sector banks	1 (8)	100000 (8)	0	0
Cooperative	5 (42)	682000 (52)	13 (81)	3225000(90)
SHG	0	0	0	0
Total	12 (100)	1312000 (100)	16 (100)	3600000(100)

Source: Primary Data March 2022 Note: In bracket percentage

: Graph showing the formal credit Access of loan disbursement



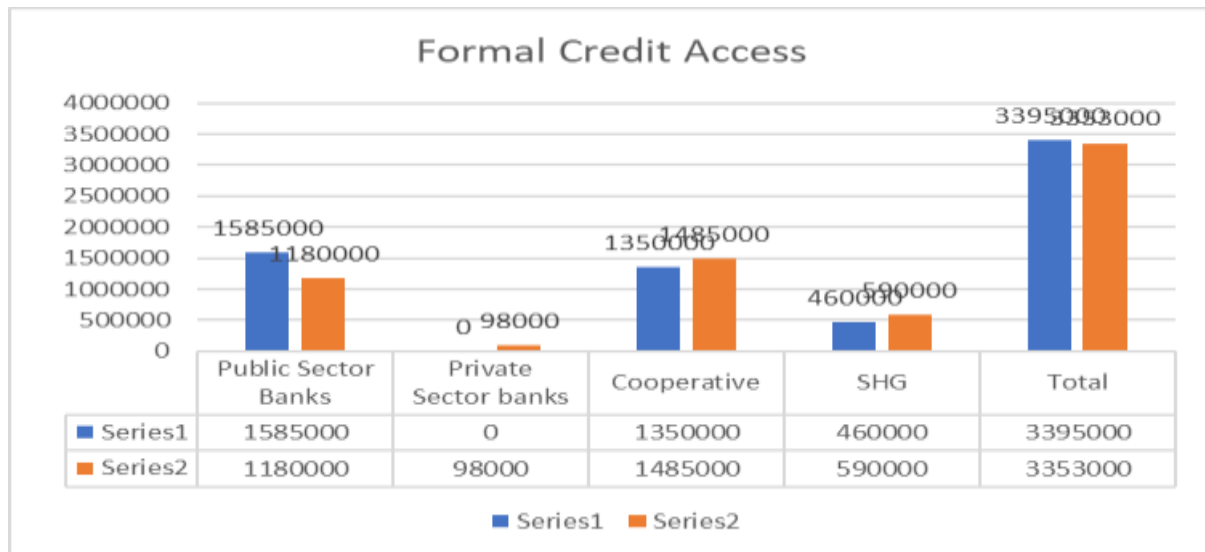
The table and graph shows the loans taken from the formal sector in the village of Chikkanahalli where it classifies into farm and mixed households. In the study of farm households it is highest in six percent amounting to five lakh thirty thousand with public sector banks. It is also observed that no loans taken from Self help Groups. In case of mixed households, the loans taken by the cooperative sector are highest at thirty two lakh and twenty five thousand for thirteen percent. In the case of mixed households too no loan taken from Self help Groups. Series 1 represents farm household and series 2 represents mixed household.

4.7: Table representing formal credit access of Sugganahalli

Sugganahalli				
Type of Lenders	No of loan from farm household	Amount Borrowed	No. of loan from Mixed household	Amount Borrowed
Public sector banks	15 (65)	1585000(46)	8 (32)	1180000 (35)
Private sector banks	0	0	1 (4)	98000 (3)
Cooperatives	4 (17.5)	1350000(40)	11 (44)	1485000(44)
SHG	4 (17.5)	460000(14)	5(20)	590000(18)
Total	23(100)	3395000(100)	25(100)	3353000(100)

Source: Primary Data March 2022 Note: In bracket percentage

4.7: Graph representing formal credit access for Sugganahalli



Source: Primary data in March 2022 Note: In bracket percentage

In the village of Sugganahalli, the above table and graphs shows that the loans of Farm households are highest at public sector banks at fourteen percent amounting to Fifteen lakh eighty five thousand and no loans taken from private sector banks. In case of mixed households the loan amounted to highest in cooperatives for five percent amounting to five lakh ninety thousand and the least id from private sector banks at one percent amounted to ninety eight thousand pertaining to which series 1 represents farm household sector and series 2 represents mixed household sector

5. CONCLUSION

In the advent of micro finance with India has played an important role in removing the poverty and indebtedness by a means of Self-help Groups and Joint liability programs in order to have a betterment of life in women. The paper concludes that the farm household and mixed household in the Village of Sugganahalli and Chikkanahalli in Ramnagar District aims in studying that, the lending activities were more taken from money lenders which tells their loans disbursement were 50% from money lenders in Chikkanahalli pertaining to both Farm household and Mixed household.

In the Village of Sugganahalli it also aims in understanding that highest amount is taken from friends and relatives both in case of farm and mixed households of Indigenous sources. In the Access of formal credit markets of Farm Households The village of Chikkanahalli and Sugganahalli highest amount of loans was taken from public sector banks which analyses that many of the SHG were into Bank Linkage Programs which made access to formal credit for their income generating activities. In case of mixed households, they were relayed on to Cooperatives societies as the rate of interest in very less when compared to Others. It is also observed no one took loans from Self-help groups both in farm and mixed households. The paper also relayed on some secondary data sources through Micro finance Annual reports where in the savings linked with banks and credit accessibility to were moving on at an increasing rate which is on positive relationship. There are many programs undertaken from NABARD in order to have an upliftment of women through many programs like Stree Shakti programs in Karnataka (S. P Nanjangoud, 2011) and Kutumba Shree Program in Kerala which is engaged many participants. The number of grant assistance also been focused through a trend line which has an increasing rate till 2019 and then decreased in 2022.

The paper also understands that there is need for loan accessibility to informal sector which makes women to get engage in more of income generating activities which aims in betterment of her wellbeing through Micro finance.

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