

**MICRO FINANCE FOR SOCIO-ECONOMIC  
EMPOWERMENT OF WOMEN – A STUDY OF STREE  
SHAKTI PROGRAMME IN THE STATE OF KARNATAKA**

**Ms.Lina George\***

**Dr. KrishnaKumar\*\***

**Abstract**

India envisions a future in which Indian women are independent and self-reliant. In various national policies and developmental programmes, emphasis has been given on organizing women in Self Help Groups and thus, marks the beginning of a major process of empowering women. It is also felt to equip the women with necessary skills in the modern trades, which could make them economically self-reliant. Women must be empowered by enhancing their awareness, knowledge; skills and technology use efficiency, thereby, facilitating overall development of the society. The concept of Self Help Groups (SHGs) is proving to be a helpful instrument for the empowerment of women. Therefore an attempt is made in this paper to find out the performance and appraisal of the Microfinance through Stree Shakthi programme in Karnataka. Stree Shakthi is the Karnataka State Governments' Women's programme, strictly focused on empowerment of rural women and making them financially, socially and politically capable. This paper observes how SHGs of the rural poor particularly those managed by women, successfully demonstrated how to mobilize and manage thrift activities, appraise credit needs, enforce financial disciplines, maintain credit linkage with banks and effectively undertake income generating activities etc.

**Key words:** Self Help Group, Women's economic empowerment, Stree Shakthi.

\* Associate Professor, Department of Commerce, Kristu Jayanti College, Bangalore 560 077

\*\* Professor, Department of Commerce, Periyar University, Salem, Tamil Nadu 636011

## 1.Introduction

“A nation would not march forward if the women are left behind”

- Swami Vivekananda

In any society the status of women is an indicator of the level of its development. Women constitute nearly half of the total population of the world. They seem to be unempowered relative to men. They are relegated to secondary position in the household, workplace or in governance and society in general. Women in many countries still lack of right to inherit property, own land, get education, obtain credit, earn income or work outside home, they are still widely under represented in decision making at the household or social level. Series of policy measures have been initiated and programmes implemented since last three decades after UN's declaration of international women's empowerment.

Empowerment is a multi-dimensional process, which should enable the individuals to realize their full identity and powers in all spheres of life. Empowerment of women brings equal status to the women, opportunity and freedom to develop her. This also mean to equipping women to be economically independent and personally self-reliant. Women Empowerment is therefore a dynamic process that consist of an awareness-attainment actualization cycle. Again it is a growth process that involves economic enrichment of women.

Among the various measures targeted towards women's empowerment, the provision of microfinance or small credit assumes crucial importance. Money is strength, therefore she should find appropriate employment to support themselves and lead life contributing to the economic status of her family as well as nation Thus the empowered women naturally should be able to participate in the process of decision making.

Microfinance is a financial service of small quantity provided by financial institutions to the poor who are generally not bankable. Microfinance programmes started about two decades back focusing on facts like ; (i) poor may be bankable, (ii) poor may be organised into groups for availing finance products and services, (iii) the groups (of the poor people) may be joining hands with financial intermediaries to avail financial products and services, (iv) the loan portfolio of

poors' may be safer and secure and (v) apart from saving and credit, the poor may be willing to accept other financial services and products. After the successful operation of the Grameen Bank model in Bangladesh, the concept of microfinance has drawn the attention of the development economists all over the world. The microfinance has become of late a development fad in many less developed countries. It has created a euphoria that is unparalleled in the recent history of development practice.

India has become home to one of the largest microcredit programmes. In the evolution of microfinance industry there are seven models based on different philosophies and target groups. They are:

1. Grameen Joint Liability Group model developed in Bangladesh and now popular in South Asia.
2. Association Model popular in earlier days in many countries
3. Community Banking – developed in Latin America and replicated in Africa and Central Asia.
4. Credit Unions and Cooperatives popular in Sri Lanka.
5. Self-Help Groups model popular in India, Indonesia and Kenya,
6. Rotating Savings and Credit Associations- mostly prevailing within women.
7. Village Banking model developed by FINCA International.

The self-help-groups (SHGs) are the latest breeds of the microfinance in in India. The SHGs proved beyond doubt that they are the fastest growing and most cost-effective micro financial initiatives in the world. In India there have been many significant state initiatives in the major institutional and policy spheres since the early 1990s to promote SHGs and their micro finance activities.

## 2. Review of Literature:

Lalitha Rani N (1996) has pointed out in her study that women form an important segment of the labour force and economic role played by them cannot be isolated from the total framework of development as the role and degree of integration of women in economic development is always an indicator of economic independence and social status.

Choudhary (1996) stressed the need for sharpening women's empowering strategies to make them effective and results oriented. He pointed out that money earned by poor women is more likely to be spent on the basic needs of life than that by men and that this realization would bring women as the focus of development efforts. She also examined the advantages of organising women groups thereby creating a new sense of dignity and confidence to tackle their problems with the sense of solidarity and to work together for the cause of economic independence.

Jayanti Ghosh (1998) reported dramatic implications in terms of social interaction within the villages. Even though in Telangana villages (where women constitute the bulk of the paid agriculture workforce) most women have been working outside the home, still membership of the cooperative has greatly increased such outside mobility for women. There is also much more mingling on terms of greater equality as well- between women of different classes, castes and community groups in several villages. And most of them felt that they were now in a stronger position within the household especially with regard to financial and economic matters. The most significant change, across the board, seems to be the increase in self worth and self assertion of the women concerned.

Manimekalai and Rajeswari (2000) reported that the SHG is considered as a viable organisation of the rural poor particularly women for delivering micro-credit in order to undertake entrepreneurial activities. Some of the studies of SHGs of the rural poor particularly those managed by women, successfully demonstrated how to mobilize and manage thrift activities, appraise credit needs, enforce financial disciplines, maintain credit linkage with banks and effectively undertake income generating activities etc. The poor as a group are quite creditworthy and repayment of loan is quite satisfactory.

Prasanth Sarangi (2002) observed Shgs in Orissa state and reported that the SHGs in India have become the sources of inspiration for women welfare. Nowadays, formation of SHG is also a viable alternative to achieve the objectives of rural development programmes. Shg is also a viable organisation which is set to disburse micro-credit to the rural women and encourages them to enter into entrepreneurial activities

Vashishta and Kunwar (2004) revealed that the activities of the SHGs have succeeded in achieving empowerment of women both economically and socially and the perception of the stake holders regarding the effectiveness of SHGs was highly satisfactory, positive and encouraging while attempting to improve the programme further

Holvoet (2005), finds that in direct bank-borrower minimal credit, women do not gain much in terms of decision-making patterns. However, when loans are channelled through women's groups and are combined with more investment in social intermediation, substantial shifts in decision-making patterns are observed. This involves a remarkable shift in norm-following and male decision making to more bargaining and sole female decision-making. She finds that the effects are even more striking when women have been members of a group for a longer period and especially when greater emphasis has been laid on genuine social intermediation. Social group intermediation had further gradually transformed groups into actors of local institutional change

### **3. Need of the study:**

Among the various measures targeted towards women's empowerment, the provision of microfinance or small credit assumes crucial importance. Thus the empowered women naturally should be able to participate in the process of decision making. Therefore an attempt is made in this direction to find out the performance and appraisal of the Microfinance through Stree Shakthi programme of Karnataka at the district level.

### **3.1 Objectives of the study:**

The study has following objectives

3.1.1. To get an insight about the conceptual and functional framework of the Stree Shakthi groups in Karnataka

- 3.1.2. To find out the economic performance of Stree shakti Groups in Karnataka.
- 3.1.3. To offer suitable suggestion for the better working of SHGs

### **3.2 Methodology:**

The present study is based on secondary data and the thorough observation of the researcher. Tables are prepared in order to arrive at a meaningful interpretation.

## **4. Self-Help Groups**

SHGs are small, informal, homogenous groups who come together for addressing their common problems. SHGs consist of low income individuals of a particular village who come together to address their common problems, including their need for access to financial services (NABARD, 2005 cited by Swain, 2007). The fundamental concept of SHGs is the creation and utilization of a group savings and resource fund to make low cost loans to its members. SHGs are usually formed and supported by NGOs, Government Agencies or Banks, but they can even be formed through the sole initiative of members of a community.

The SHGs generate a common fund out of small savings, promoted on a regular basis among members by curtailing unproductive expenditure. Sometimes the internal savings are supplemented by external resources loaned/donated by voluntary associations involved in promoting and strengthening the groups. The funds thus created are used for giving loans to its members. Such loans include consumption loans and production loans. The consumption include subsistence needs, health care, social and religious ceremonies etc. the production loans are for the purpose of purchase of agricultural inputs, investments on poultry, sheep and for small business like vending, hawking etc. the credit needs of members are usually assessed in group meetings.

### **4.1 Linking SHGs with Banks and Need for Linkage:**



The linkages of SHGs with banks aims at using the intermediation of SHGs between banks and the rural poor for cutting down the transaction costs for both banks and their rural clients. The objective of the linkage programme could be:

- 1) To evolve supplementary credit strategies for meeting the credit needs of the poor by combining the flexibility, sensitivity and responsiveness of the informal credit system with the strength of technical and administrative capabilities and financial resources of the formal financial institutions.
- 2) To build mutual trust and confidence between bankers and the rural poor.
- 3) To encourage banking activity, both on the thrift and credit sides, in a segment of the population that formal financial institutions usually find difficult to reach.

There could be different models of the linkage between SHG and banks:

- MODEL 1: The simplest and most direct is a model in which the banks deal directly with the individual SHGs, providing financial assistance for on-lending to the individual members.
- MODEL 2: Another model, a slight variant of the first, is where the bank gives direct assistance to the SHG and the SHG promoting institution (SHGI), usually an NGO, provides training and guidance to the SHG and generally keeps a watch to ensure its satisfactory functioning.
- MODEL 3: The third model places the NGO or SHGI as a financial intermediary between the bank and a number of SHGs. The linkage between the bank and the SHGs in this case is indirect. The NGO accepts contractual responsibility for repayment to the bank.
- MODEL 4: The fourth model envisages bank loans directly to individual members of SHGs upon recommendations of the SHG and NGO. In this case, the NGO assists the bank in monitoring, supervising and recovery of loans.

It is possible that the linkage may follow an evolutionary process and move from model three to model two and to model one and finally to model four where individuals get direct access to the bank. However, the adoption or acceptance of a particular model would depend on the perception of the bank and the strength of the SHGs and the NGO. Where the banker is able to have a first

hand information on the working of a SHG which is functioning satisfactorily and has rotated its pooled resources two/three times, he may well start with model two or even model one. However, a more conservative banker may like to start with model three and rely on the NGO or SHGI.

#### **4.2 Advantages of Linkage Programme to Banks:**

1) Mobilisation of small savings. 2) The problem of dealing efficiently and economically with a large number of small borrowers is overcome through self help groups. 3) As the task of assessing individual credit needs, sanctioning, supervising credit and monitoring the repayment are externalized, the transaction cost is considerably reduced. 4) Assured and timely repayment because of group supervision, which leads to faster recycling of funds.

Advantages to NGOs: 1. Recognition as socio-economic change agents and 2. Emergence as bridge between poor and the bank.

#### **4.3 Stree Shakti Programme**

Stree Shakti is the Karnataka State Governments' Women's programme strictly focused on empowerment of rural women and making them financially, socially and politically capable. This programme launched by Women Child Welfare Department of Karnataka State in October 2000.

#### **4.4 Vision of Stree Shakti programme:**

Empowerment of rural women and making them financially and socially capable. Mission of Stree Shakti programme is to make rural women self dependent by organizing 20 lakh women into one lakh self help groups. Economic strength is considered as the basis of social, political and psychological power in society. The main causes for women's low status are; Low Economic Status, Lack of access to education, training, credit and business. Being in the unorganized sector of the economy, restricted mobility, and lack of opportunities to express their abilities and leadership qualities, because women's economic position is weak, women are viewed more as liabilities than assets. Hence the empowerment



of usual women is the need of the hour. Ron Jemke and Dick Schaff explain the word empowerment in their book “The Service Edge” in a beautiful way- “empowerment means encouraging and rewarding people for their effort, imagination and initiative and tolerating their mistakes with a smile when well intended efforts fail to work as planned”.

The basic strategy adopted in Stree Shakti Programme for the empowerment of rural women comprises the following activities:

1. This is a programme especially for the deprived section of women in the rural areas.
2. Self help groups are formed through Anganwadi workers in rural areas with about 15 to 20 women in each group. While forming these groups, preference is given to landless women, agricultural labourers, SC/ST families.
3. The operating venue for this SHG is the local anganwadi.
4. The women meet every week and pool in a fixed amount of money collected from their earnings.
5. The money collected from these activities is then lent out to any needy member of the group as loan. In this way these groups function as self-help banks.
6. Regular interactions, exchanges and exposures provide an opportunity to express their ideas, provide collective learning and build confidence and a positive self image.
7. It is left to the decision of the group to decide the rate of interest to the group to decide the rate of interest to be levied on the loan given to the members.

Anganwadi workers help the group to manage its activities during the first six months. After the first six months the groups have to take measures to initiate internal loans in a small scale and open savings account compulsorily in a bank.

The Karnataka State Government encourages these SHGs by sanctioning revolving fund of Rs.5000 to the group which maintains saving for at least six months. At this stage SHGs can start loan activities by using the members’ savings and the revolving funds. Bank will prescribe appropriate repayment period also in consultation with the group. Loans from bank to SHGs should be normally in regular monthly instalments taking into account the local condition, activities undertaken etc. As on 31<sup>st</sup> March 2012, there are 148000 Stree Shakti Groups in

Karnataka involving a total of 23 lakh women. The groups holding bank accounts number 1,39,957. The total loan of Rs 1305.97 crores disbursed to 1,20,279 groups with internal loan of Rs 3215.88 crores with greater savings capacity of Rs 1118.05 crores.

#### **4.5 Progress of Stree Shakti Programme in Karnataka based on the findings:**

From the table 1, it is clearly evident there is a drastic increase in the number of stree shakti groups formed over the years. The number of groups has increased from 1,19,246 in 2005 to 1,48,000 in 2010 with number of members from 17.66 lakhs in 2005 to 23 lakhs in 2010. The savings of members were Rs.414.84, Rs.453.25, Rs.528.83, Rs.653.28, Rs.785.82, Rs.909.58 for the years 2005,2006, 2007, 2008, 2009 and 2010 respectively. This means there is an increase by 119.26 % in the savings from 2005 to 2010.

The loans advanced by banks was Rs. Rs.458.05, Rs.540.05, Rs.596.26, Rs.746.87, Rs.746.87 and Rs.1167.67 for the years 2005,2006, 2007, 2008, 2009 and 2010 respectively. This increase in loans taken by member indicates that there is an increase in the number of members who are engaged in income generating activities, which obviously leads to higher earnings among the members. Women are able to earn higher income which leads to taking up decisions within the family and for their businesses.

The revolving fund given to the Sthree Shakti groups also shows an increasing trend which means to say that more groups are being made only because of the success stories of the previous groups.

The programme also gives training to members in loan management, book keeping, and training on social issues. The training given on various topics empowers women both to manage their businesses and also socially. The groups involved in income generating activities has increased from 72,970 groups to 86,878 groups from 2005 to 2010 which is almost 20% increase.

The programme also encourages members to save more by giving incentives to groups which save more than Rs.75,000 p.a. with Rs.10,000 and groups which save more than Rs.1,00,000 p.a. with Rs15,000. The groups which have savings between Rs.75,000 and Rs.1,00,000 has increased from 1017 groups to 3183 groups groups which have savings above Rs.1,00,000

increased from 310 to 1838 during 2005 and 2010. This is an indication that members are able to generate income which is sufficient for the expenses and are also able to save.

**Table 1: Stree Shakti Yojane Progress Details for  
Karnataka**

	2005	2006	2007	2008	2009	2010
No of groups formed	1,19,246	1,25,000	1,36,000	1,40,000	1,42,000	1,48,000
Scheduled Caste Members in groups	3,56,362	373558	3,83,079	3,83,637	3,83,637	4,82,155
Scheduled Tribe Members in groups	1,41,510	148338	1,54,858	1,55,894	1,55,894	1,57,451
Minorities in the groups	1,30,351	136641	1,39,596	1,39,596	1,39,596	1,41,854
Other members	11,37,988	11,92,900	11,93,200	11,79,000	12,63,000	13,71,331
Total members of females in the groups	17,66 lakhs	18.52 lakhs	18.71 lakhs	20 lakhs	20.25 lakhs	23 lakhs
No of groups having bank account	1,10,912 groups	115912 Groups	1,24,500 groups	1,27,000 Groups	1,32,583 groups	1,39,957 Groups
Members total savings	Rs.414.84 crores	Rs.453.25 crores	Rs.528.83 crores	Rs.653.28 crores	Rs.785.82 crores	Rs.909.58 Crores
No. of groups borrowed loan from various banks	87005 groups	90015 groups	98133 groups	1,09,362 groups	1,09,362 groups	1,20,279 Groups
Loan amount'	Rs.458.05 crores	Rs.540 crores	Rs.596.26 crores	Rs.746.87 crores	Rs.946.87 crores	Rs.1167.67 crores
No. of groups so far given revolving fund	100000 groups	105870 groups	1,23,511 groups	1,39,911 groups	1,39,911 groups	1,45,000 Groups
Total revolving fund	Rs.50 crores	Rs.58.54 crores	Rs.61.76 crores	RS.69.96 crores	RS.72.96 crores	Rs.83.55 Crores
No. of groups who were given loan mgt. Training	91790 groups	93025 Groups	95861 groups	1,18,912 groups	1,18,912 groups	1,25,590 Groups
No of groups who were given training book maintenance	97044 groups	97923 Groups	98831 groups	1,20,892 groups	1,20,892 groups	1,24,183 Groups
No of groups who were given training on social issues	92079 groups	94028 Groups	95630 groups	1,07,497 groups	1,07,497 groups	1,09,442 Groups
No. of groups involved in income generation	72970 groups	74268 groups	77822 groups	78810 groups	78810 groups	86,878 groups
No. of groups who saved above Rs.75000 upto Rs.1,00,000	1017 groups	1518 groups	2179 groups	2179 groups	2179 groups	3183 groups
No. of groups who saved above Rs. 100,000	310 groups	864 groups	1093 groups	1093 groups	1093 groups	1838 groups

(source: Antharala, publications of Department of Women and Child Development of Karnataka)

## 5. Conclusion

Results of this study show that there is a clear evidence of impact of Stree Shakti -Self Help Groups in the lives of the members. The intervention has made significant change in the behaviour of poor to save and on the other hand the SHGs have been able to mobilise a considerable quantum of credit with repeat support from formal financing institutions. The findings apparently reveal that the SHGs have broken the age old myths of 'poor cannot save and they are bankable'. Financing through SHGs has resulted in improvement in asset status and increase in family income.

Socio –Economic Empowerment of women is another distinct impact and the findings envisage that organising the women through SHGs and their networks paves an excellent platform to improve leadership skills and self confidence of women from poor communities. Membership in these people's organisations also builds social capital for marginalised women to raise their voice and demand the mainstream. In a nutshell potential of Stree Shakti in organising poor women and addressing development issues is quite evident. But it should be understood that it is just an entry point and these women organisations have to go long way in achieving overall development taking up multiple development agenda and should evolve into civic institutions.

## References

- 1)NABARD (2002) Ten years of SHG-Bank Linkage:1992-2002;NABARD (1992) Guidelines for Pilot Project for Linking Banks. National Bank News Review, April-June pp 33-37
- 2)Robinson M(1996), 'Addressing some key questions on Financing and Poverty'. Journal of International Development, Vol. 8, No 11
- 3)Jayanti Ghosh, (1998) Assessing Poverty Alleviation Strategies for their Impact on Poor Women: A Study with Special Reference to India , Geneva, UNRISD
- 4)Lalitha,N. (1999)Towards Empowerment of Women; Organizational and Managerial Perspectives of Women Co-operatives – Journal of Extension Research Vol. II, No.1

- 5) Manimekalai, N and Rajeswari, G.( 2000), "Empowerment of Women through Self-help Groups", MARGIN, Vol.32, No.4
- 6) Basu K&K Jindal,(2000)Micro Finance Emerging Challenges,(eds), Tata Mc Graw Hill Publication, New Delhi.
- 7)Barik, B.B. and Vannan,( 2001), promoting self help groups as sub- system of credit Cooperatives.The Cooperator, 38(7):305-311.
- 8)Chowdary, (2001)The Indian Womens Search for Economical Development, Vikas Publishing House (P) ltd., New Delhi
- 9)Deborah Drake and Elisabeth Rhyne(2002), The Comercialisation of Microfinancing: Balancing Business Development Kumarians Dress C.T.
- 10)Thomas Fisher &M.S. Sriram (2002):Beyond Micro Credit, (eds)Vistar Publication. New Delhi
- 11)Prasant Sarangi,(2003). 'Self Help Groups: An experiment in Orissa' Kurekshetra,Vol.51.No.4;30-32
- 12) Daley-Hrris Sam(2004),State of the Microcredit Summit Campaign Report World Bank, New York.
- 13) Vashishtha, P. and Kunwar, N, (2004),Women self help groups in Uttar Pradesh. Indian Journal of Extension Education, 4 (1&2) : 177-179.
- 14)Journal of Extension Education, 4 (1&2) : 177-179. 2004
- 15) M S Chanderkavate: (2006) The SHG Model of microfinance: A silent movement towards empowering Rural women. Southern Economist vol 44 no 17

16) Reports (Antharala) of Department of Women and Child Development, Bangalore,2005,2006,2007,2008,2009 and 2010

17)Reserve Bank of India Bulletin 1991, Mumbai.

18) S K Nashi(2008): A study of SHG programmes Southern Economist 43 no 8 Aug Bangalore.1

19) [http://www.thp.org/what\\_we\\_do/program\\_overview/social\\_mobilization](http://www.thp.org/what_we_do/program_overview/social_mobilization)

