CHAPTER- I
INTRODUCTION

1.1) Introduction:-

Till recently, economic growth of a nation was observed and measured on the grounds of quantitative changes in goods and services produced. But now, along with the quantity of goods and services produced, the qualitative changes in the life of residents of nation are included in the measuring yard of economic development of a country. Equal, sustainable and hormonal development of a nation along with its mankind is a necessary condition, this can be achieved through equal economic participation of both the sexes. In India participation of women in economic activities is considerably poor, and ignoring their contribution in the development will handicap the process of growth of nation, which is undesirable in the present globalized scenario, especially for a fast developing nation like India.

Women empowerment and inclusive growth have gained considerable attention as the qualitative indicators of development, in recent years. These two concepts were observed as an essential feature of a ‘smart economy’. Empowering women is a huge task which includes many dimensions. It is a long process, not a phenomenon which automatically happens. So for providing equal economic opportunity to all without making discrimination on the grounds of sex, many policies and programmes were implemented in India. The government of India declared the year 2001 as “Women’s Empowerment Year” to focus on a vision of ‘Women are Equal Partners like Men’. Further, equal participation of poor women in economic activities was given priority and scope under the microfinance program, initiated by NABARD in 1992. Empowerment would become more relevant if women are educated, economically independent, better informed and can call for rational decisions. Empowerment of women could only be achieved if their economic and social status is improved. This could be possible merely by adopting definite social and economic policies with which women can manipulate her life and hold control over productive resources. Among all, economic independence is more significant for total development of women and to make them understand that they hold the potential to be strong human beings. To make her economically independent women must be
provided with some economic tools which she cannot be gained by her own. In recent years, the movement to provide credit to the poor and financial inclusion of the deprived classes has grown rapidly in India and in the world. It is commonly believed that greater access to formal credit could help the poor to generate income by investing it in small business and improve their standard of living. Microfinance is believed as one such tool which takes care of the financial needs of poor and deprived who are excluded before. Micro finance programs are expected to meet the survival needs of the poor by enabling them to have access to credit for both consumption and production activities. Micro finance is expected to empower the poor by expanding the opportunities for participation in income generating activities and undertake social activities aimed at removing social and cultural factors coming in the way of their empowerment (D. Rajsekhar, 2004). Micro finance is observed as one of the most cost effective and supplementary tools of the rural credit model, which facilitates for easy and timely accessibility of institutional credit to poor in an efficacious and economical manner. Microcredit is provided in small quantities without much legal and financial procedures, often channelizes through Self Help Groups (SHGs) and their linkage with banks and MFIs.

Micro-finance:

Micro credit and Micro finance are commonly used as interchanging words in subject areas. But actually, Micro finance is a ‘credit-plus’ program which includes the entire package of financial and non-financial services including credit, saving, insurance, skill up gradation and entrepreneurial development, rendered to the poor for enabling them to defeat poverty and economically empower themselves. The principal focus of micro finance programmes is on facilitating poorer to graduate from the pre-micro-enterprise stage to the micro enterprise stage and in successfully accessing credit from financial intermediaries. Now its scope has been widened, micro credit is provided not only for productive purpose but also for livelihood promotion and daily consumption needs.

Microfinance programs for women are increasingly seen by the development agencies as an effective anti-poverty intervention, financial inclusion and women empowerment tool with a positive impact on economic growth of a nation. High repayment rates are interpreted to mean that women are using loans for productive
purpose, and use it for personal benefit. A trade-off between credit extension and recovery interprets that everything is fine with MFIs. It is widely assumed that there is a clear and direct relationship between access to credit and an increase in the status of women within their households and communities. In short, the provision of credit is believed not only to alleviate poverty, but to lead to the 'empowerment' of women. But in reality only access to credit does not automatically leads to empowerment of women, (Mayoux 1998) it needs to be addressed to socio cultural norms and market provisions for the goods in the particular region.

Women are the main focus of the program as they are more deprived class in the society and credit proven section. Channelizing credit into the society through women is the secure and effective way. As women are more credit worthy customers and they employ the money for the entire welfare of the family, if money flows through them it will lead to the evolution of the family and the economy as a whole. But before imposing the responsibility of credit on women, she must be prepared so that she can manage the financial obligation in an effective way.

**Economic Empowerment of women:**

Empowerment of women has no universally accepted definition. It is different for different sections of women in different regions. But in general, women empowerment means having control over her own body and actions and independent to take decisions about her own life, and access to all those facilities which a man can have without any restrictions. Woman becomes economically independent when she is able to take up economic activity successfully. And able to make and act on the economic decisions made by her.

Access to productive resources like formal credit, market information and taking up of income generating activities are the approaches advocated in recent times to empower women economically. However, this often leads to double burden and dual roles for women. Engage in outside work overburdens a woman as she has to manage the household chores. Along with that maintaining own enterprises itself is a great job with lots of challenges posed by market situations. Women with financial illiteracy, lack of managerial skills, and poor access to economic resources, occupied with care work and bonded with social, cultural norms are hard to undertake any income generating activity successfully. In such a case defining empowerment on the
basis of indulging in income generating activities with small credit would be
dramatic. It is evident that economic, social and political dimensions should be
covered under the purview of empowerment. But as the status of women is more
concern to financial independence the emphasis was given for economic
empowerment.

India is one of the fastest developing countries in the world, but not equitably
and inclusively. Across the globe, educating and empowering women has considered
as a smart way of developing of a nation. Women in India make up 7.5% of the
world’s total population some development indicators show that, their quality of life
is improving, maternal mortality rates declining; literacy rates increasing; more
women gaining access to health care and education. But the pace of change is
extremely slow, which ultimately hampers the speed of development, which is a
dangerous state of affairs for any society. Denying women opportunities to realize
their potential is a waste of human capital and hurdle to economic progress. Economic
empowerment of women is considered as win-win scheme as it benefits both women
and her family. Women are undoubtedly the foundation of the basic unit of society
and the family. If we provide her equal opportunity to take part in development
activities, then India’s growth can be more inclusive and equitable. Providing training
and skill development facility for women is a central constituent of her growth. But in
a country where nearly 70% of the population lives in rural areas and 37% of them are
poor, access to educational and employment opportunities are limited. So, more stress
was given to self-employment schemes.

1.2) Need for the study.

In the present scenario, providing microfinance through Self Help Group is
widely employed as an instrument to empower women socially and economically.
India is one of the top nations in the outreach of microfinance. International financial
institutions are competing to enter MFI market of India. As of 2013, more than 8
Million SHGs are linked to banks. 6.29 million SHGs are exclusively for women.
800 MFIs are working in India; SHGs maintain a balance of over Rs. 27,000/- crores
in the Savings with the Banks. Together, 4.4 million groups have Rs. 36340/- crores
loan outstanding against them. Over 95 million poor rural households are now part of
this world’s largest micro Credit initiative. And these microfinance institutions concentrate more on women clients; more than 90% of its clients are women.

In malice of all these developments, still India ranks 113 out of 135 on the World Economic Forum’s Gender Gap Index. According to India’s 2011 census, the sex ratio for children under six was 914 females to 1,000 males, a disturbing decline from 927 in 2001. The ranking of Indian women in economic empowerment is 0.3, where 1.0 means equality.

The participation of Indian women in economic development is very limited, to increase their share in the production of goods and services women were facilitated with many provisions, one such tool is the provision of Microcredit for conducting economic activity. But there is always a debate that ‘can a handful of easy money with recurring repayment, is able to empower women and make her capable to take up an income generating activity by her own.’ The present study is an attempt to evaluate the concept of economic empowerment of women through micro finance.

1.3) Statement of the problem

For the last few decades the aspect of women empowerment was a major issue and much attention was initiated at international level to reduce the gender gap and eradicate the discrimination among sexes. In this backdrop, the government of India has launched a drive for women's development and empowerment, popularly known as the Self-Help Group Movement based on Micro-Credit and more importantly motivating the women to inculcate the habit of thrift and savings, consequently contributing to their emancipation and empowerment and attaining an equal place on par with the humanities in terms of socioeconomic and political evolution. There is no doubt that it has arrived at the doorstep of poor women. But the question here is, have they used it for income generating purposes and is it helpful for them to become economically independent. In this context, the present work is meant to analyze the change in the economic condition of women with the intervention of microfinance. Therefore the study is entitled as “Economic Empowerment of Women Through Micro Finance – A Case Study of Gadag District”.

1.4) **Objectives**

The main objectives of the present study are:

1) To understand the concept of economic empowerment of women and different frame works involved in measuring it.

2) To identify the role of microfinance in financial inclusion of women.

3) To study the active members of Stree Shakti promoted SHGs and SKDRDP promoted SHGs.

4) To examine the impact of microfinance program on employment and income generating activities among members.

5) The overall objective of the study is to identify the Micro credit driven empowerment process of women in Gadag District.

1.5) **Hypothesis**

The hypotheses are formulated by considering the objectives of the study and the review of relevant literatures pertaining to the present topic. For the purpose of the present study the following hypothesis were framed:

H1: Microfinance helps financial inclusion of women.

H2: Microcredit helps in creating income generating activities and thereby increases their income.

H3: Participation in Micro Finance programme leads to Women’s Economic Empowerment.

1.6) **Research Methodology**

As microfinance and women empowerment are two different, vast topic and study undertaken to ensure the impact is a big project, which requires huge data from the study area. In order to cover a number of samples and obtain the best result the researcher used both quantitative and qualitative methods for data collection.

With the aim of obtaining accurate quantitative information, a questionnaire was prepared for a sum of 320 respondents. The questionnaire was translated to
Kannada and explained to the respondents for easy understanding and better feedback. Qualitative methods are usually employed for deep rooted studies that attempt to interpret social reality. Gender issues are more of a social phenomenon, and qualitative analysis is considered to supply appropriate information regarding the problem. Women empowerment is a conceptual issue, it is a type of feeling which require more of discussion and cannot be easily quantified or measured in numbers. Extent of empowerment resulting from an intervention of microfinance is a procedure which includes challenges and troubles faced by the participants of the programme. In this regard qualitative methods are more relevant. Qualitative method used in the study, includes the Focused Group Discussion (FGD) conducted with SHG members.

- **Focused Group Discussion (FGD)**

  Focused group discussion is an open discussion done with a group of people, with an intention to collect information or opinions on the raised topic. Open-ended questions are most appropriate in FGDs, because they allow participants to answer from different angles. In the present study FGD is done with 12 groups, it included SC/ST and Others group, 6 groups from StreeShakti promoted and 6 groups from SKDRDP promoted SHGs respectively. In the Focused Group Discussion (FGD) 10 to 12 members from each group were participated.

- **Sampling Method Used in the Study**

  The research is carried out using simple random sampling. The samples were selected from different groups on the basis of simple random sampling without any personal bias.

- **Selection of the Study Area**

  The present study is conducted in the Gadag district of North Karnataka. The purpose of selecting Gadag district for further study is that, as per Dr. Nanjundappa report it is the backward district, which need to be addressed with development activities by the government. Generally, women are more deprived and more vulnerable than men in such regions. And in India Microfinance is presented as a panacea for addressing the economic problems related to women. Very limited studies are found on empowerment status of women in this backward district, so it was felt
desirable to take study in this area. It is presumed that conditions of poor women of
the district will be representative of poor women of the state. The findings and
suggestions of present study will be helpful for understanding the effectiveness of
working of microfinance on women.

- **Selection of Taluk’s and Villages**

  Gadag district has 5 taluks namely Gadag, Ron, Shirahatti, Naragund and
Mundaragi. Among these Gadag and Ron taluks were selected for the study, based on
the highest number of women self-help groups present in the area. Gadag taluk has
women self-help groups in 58 villages and Ron taluk has women SHGs in 92 villages.
From each taluk, 8 villages were randomly selected. Total 16 villages were selected
from 2 selected taluks.

- **Selection of SHG**

  SHGs run by both the government and MFIs linked with banks, were selected
randomly for the study. 4 SHGs were selected from each village, and in those 4 SHGs
2 are from Stree Shakti scheme and 2 from SKDRDP promoted SHGs. 32 SHGs
from each taluk, total 64 SHGs were covered under study.

- **Selection of the Respondents**

  Respondents were selected uniformly from each unit. 5 respondents from each
SHG, 160 respondents from streeshakti and 160 respondents from SKDRDP, total
320 respondents were taken as a sample for quantitative and in depth study of the
impact of Microfinance on Women empowerment.
## Table- 1.1
**Selection of samples in the study area**

<table>
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<th>Particulars</th>
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<tr>
<td>3</td>
<td>No. of SHGs from Each Village</td>
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<td>5</td>
<td>No. of SHG from SKDRDP Scheme from Each Village</td>
<td>02</td>
<td>32</td>
</tr>
<tr>
<td>6</td>
<td>No. of Respondents from Each SHG</td>
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</table>

- **Nature and source of Data**

The thesis is prepared on the basis of the data and information collected from both primary and secondary sources.

- **Primary data**

For evaluating the objectives of the study necessary primary data is obtained from the selected beneficiaries through personal interview with the structured schedule and focused group discussion with unstructured schedule.

- **Secondary data:**

The secondary data such as number of SHGs formed and linked to formal banking, savings, credit, recovery related information are obtained from NABARD, RBI, and from reports of leading MFIs. To present the profile of the study area and profile of promoting agencies were also collected from Govt.offices, Govt. publications and annual reports of MFI’s. And other information is collected from the journals, magazines, books, articles, office news, district statistics at a glance, hand book, census reports, published reports and documents related to the topic of MF and Women empowerment.
In addition to this, various officials, including CDPO, Bank Managers, Project officers, Anganawadi Workers, and many others were contacted. More information was gathered from ZP office, Field workers, NGO Office of SKDRDP and KVK, Census report, Gazetteer and other records.

- **Tools of Data Analysis**

  The data collected from the beneficiaries are scored, tabulated and analysed by using statistical tools such as percentage, ratio-proportion and Chi-Square test. And all the data has helped in formulating a very comprehensive case study.

1.7) **Limitations of the study**

1) The present study is a micro level study, which covers only 2 taluks and only 16 villages in Gadag district. Therefore the results of the study may or may not be applicable to other parts of the country. The findings of the study may not be generalized.

2) Microfinance channelizes through many ways, for the purpose of the present study only SBLP (Self-Help Bank Linkage Programme) SHGs were chosen.

3) Women Empowerment is a multidimensional and inter dependent concept which cannot be studied independently. But to take an in-depth study on overall empowerment of women and microfinance as a whole is a big task, which needs more time and skill. As the present study is a single person study, I have chosen only one branch in women empowerment i.e., economic empowerment.

1.8) **Organization of the Thesis**

  The present study is organised into seven chapters. They are -

1) **Chapter I:** The first chapter presents the research issues, including introduction, objectives, hypothesis, methodology, sample design, scope of the study, need for the study and limitations of the study. And also describes research techniques, collection of data, interpretations of data and its analysis.

2) **Chapter II:** This chapter covers the theoretical background and in-depth review of literature covering important issues of microfinance and women
empowerment, and impact of microfinance on women’s economic empowerment.

3) **Chapter III:** This chapter is presented in three sections. Section-I deals with the brief profile of the State of Karnataka. Section-II presents the profile of the district chosen, with details of climate, agriculture, industry, demographic features etc. and brief profile of selected sample villages. Section- III deals with the profile of StreeShakti, a Karnataka State Govt. Sponsored scheme and selected Microfinance Finance Institution [MFI] - SKDRDP.

4) **Chapter IV:** In the fourth chapter, the background of microfinance and women empowerment an overview is given, which is divided into two sections. The first section discusses about the microfinance its origin, outreach, and present condition and feature of MF in India. The second section deals with the women’s economic empowerment, understanding and measuring, and frameworks involved in measuring economic empowerment women, the physical and mental constraints in the pathways of women empowerment.

5) **Chapter V:** The present chapter provides the details of the data collected from the field, which helps in analyzing the role of Microfinance Programme (MFP) on women empowerment of the sample household. The analysis is presented in two parts, the first part deals with the quantitative data analysis and discussion and the second part with qualitative data analysis and discussion.

6) **Chapter VI:** The present chapter is divided into two sections. The first section deals with the concept and indicators of women empowerment used to measure the economic empowerment of women in study area and the second section deals with the hypothesis testing and interpretation of results.

7) **Chapter VII:** The last chapter starts with a summary of the study, research findings and ends with suggestions and conclusions.
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