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A Case Study on Micro Credit Scheme with special reference to Karnataka

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Abstract

Micro credit scheme is a loan scheme provided by micro financial institutions which are offered chiefly for micro enterprise activities such as agricultural activities, artisan activities etc. In order to enable self -help groups to set up ventures and earn incomes micro credit schemes are provided loans to them. The paper made an analyse of number of self- help groups of micro credit and also to study the amount of fund released from self- help groups. The financial requirements of urban poor farmers of SHGs are high and they also need an exclusive attention in order to satisfy made by the bank by opening an exclusive micro finance branches. The aim is to serve as a for all financial needs of urban poor organised in to SHGs exclusively and also to take certain measures to improve the standard of living of these people. The primary functions is to offer women credit which enhances their economic status and also help them to earn extra income through which they can gain financial autonomy. When the credit has been received by women it allows them to engage in an economic enterprises and also to access towards financial independence.

Key words: Micro credit, self -help groups, women empowerment

Introduction

Inadequacies in rural access to formal finance and the extraordinary terms of informal finance for the poor provide a strong need for innovative approaches to serve the financial needs of India's rural poor. Over the efforts have been made by government, financial institutions and NGO's often in partnership, to develop new financial delivery approaches. Indian banking system, which is among the largest banking networks in the world, reaches most of the rural poor in India.

In yearly 1990s, to provide credit and saving services to the poor, micro finance was envisaged. It received further boost with involvement of several non-government organisations and micro finance institutions. These efforts led to formation of self-help groups, where poor from homogenous background formed into groups of around 20 each and pooled money that was lent to needy in the groups.

Its evolution is based on the concern of all for empowerment of the poor and the alleviation of poverty. Thus, micro finance has become one of the most effective interventions for economic empowerment of the poor.

Micro finance is fast emerging as a hot opportunity for global players with an estimated \$20 billion to globally and around \$3 billion in India, by 201. An immediate challenge is for formal sector institutions introduce

products and services that are not only reliable and available on a continuous basis, but are also flexible and convenient and also to introduce measures that allow for cost ways of reaching the rural poor. SHG is an informal group of homogenous rural poor who come together for attaining social and economic empowerment. The SHG model was started in the 1980s social development NGO. Having group members learn how to pool savings into loans mostly small, short term consumption loans was seen as empowerment disadvantaged women, socially and politically as well as financially.

Indian banks early as in 1989 along with Tamil nadu women Development Corporation introduced the concept of group leading to women for the first time in the country. International fund for agriculture in Dharmapuri district of Tamil Nadu, United Nations office for project service report stated in its report that the project induced activities have increased the confidence, self-respect, cohesiveness, broadened outlook on health, sanitation and social issues of the women fold of the rural areas. Involvement of Indian bank in the implementation of the project was commended by them. The findings of the action research project of the bank led to launch the pilot project by NABARD in 1992 with the policy support from the reserve Bank of India.

Now, it has become the largest micro finance initiative in the world, by credit linking more than 29.54 lakh groups with a credit outlay of Rs 18,040 crore by March 2007. The SHG concept was extended through 946 rural and semi urban branches out of the total 1541 branches of the bank in the country. more than 1.25 lakh SHG accounts were derivative products as value added services such as Grihalakshmi which is special housing loan scheme for SHG members, Vidya Shoba, which is educational loan for the wards of women SHGs

The Bank is also implementing a social security for SHG members a Group life insurance scheme namely of Jana Shree Yojana in association with LIC. The bank has distinctive approach reaching out to the poor in rural/ semi urban and urban / metropolitan areas. A separate micro finance called “ Micro credit Kendra was carved out in the branches where SHG accounts are concentrated. In such outfits, micro finance specialist will be stationed who will provide uninterrupted timely financial services and financial counselling to the members of SHGs / NGOs. The handholding service provides by them to the SHGs/NGOs in place an intimate bonding between the banks.

The poor customers, which will way for inclusive banking, the livelihood opportunity for their customers, besides, the business opportunity for the branch, there are 75 such MCKs functioning in banks. The financial requirement of urban credit enables women to earn extra income through which they can gain greater financial autonomy. The groups are guarantors of loans to individual members and are jointly responsible if a member defaults on a loan. Group meetings also serve as opportunities for other interventions, such as adult literacy programs. A primary functions of offering women credit which enhances their economic status. Credit enables women to earn extra income through which they can gain financial autonomy. Therefore, credit can increase the opportunity their autonomy and ability within the household. When receiving credit allows a women to engage in an economic enterprises it is not difficult to see how access to credit financial independence.

The financial requirements of urban poor formers SHGs are high. They also need an exclusive attention to satisfy made by the bank by opening an exclusive micro finance branch named “Microstate branch” in March 2005 in Chennai. It serves as a for all financial needs of urban poor organised into SHGs exclusively and also

takes measures to improve the standard of living of these people. Small entrepreneurs soaps, aggravates, cables etc., which do not require and technical are provided small loans at very lenient terms.

In a short of three years, the branch could cover poor families in 1400 urban slums in the city, touching the lives of more than one lakh poor households. The branches facilities the following services also visiting to slums the sections of the city, society provide financial services at their step, with the NGOs in the area and economic them to form SHGs. Catering the SHGs to start micro enterprises suitable to their areas. Providing a financial counselling by introducing the schemes related to women empowerment in the various branches of bank to the customer's branch.

Objectives of the study

1. To analyse the number of SHG of micro credit in the study area.
2. To study the amount of fund released from SHG
3. To provide suggestions.

Review of literature

The concept of women empowerment was introduced during the years 1985 at the world, at the reference for women in India. The women empowerment was highlighted in the eight year plan. The SHG was started in the 1980s by social development NGO having group member's savings into loans. Loans was empowering disadvantages women, socially and politically as well as financially. Micro credit has impact on the socio-economic empowerment by providing to the unemployed and poor people.

Kropp (1997) in his study details of the emerging from the experience SHGs in Asian countries. NGO led credit programmes in Bangladesh. Indonesia and mutual assistance credit groups on other parts of Asia used group responsibility and monitoring in guiding financial transactions. However, says that have potential to lend rural people without any traditional form most of collateral. Made in from an attempt to emphasise the importance of financial the poor self-help groups this would lead not only to the intensity of poverty but also promote gender quality and socio economic equality.

Robinson (2001) in a study of 16 different IMF from all over the word shows that having access to micro finance services has led to an enhancement in the quality of life of clients, an increase in self confidence has helped them diversify their livelihood security strategies and increase the income.

Chowdhury and Bhuiya(2004) assessed impact poverty alleviation programme from a human wellbeing perspective in a programme in Bangladesh they examined seven dimensions of human wellbeing. The project included the provision of micro finance and training of clients on human and legal right. They noted that the project led to better child survival rates, higher nutritional status improvement in the basic level of education and community.

Mosley and Rock (2004) in a study of six African IMF similar results. They conclude study that IMF services to the non-poor reduce poverty by sucking very poor people into the labour market as employees of microfinance clients'. They also state microfinance services often human capital through increased spending on education and health that extend to poor household through intra household and inter-generational effects.

Zohir and Matin state that many IMF loans used for agricultural production, trading, processing and transport, results in the use of agricultural production. This leads to employment opportunities in the sectors for the community and a reduction in the prices of such produce due to increase supply. They also state that trading activities financed by IMF can help to establish new market links and increase the income traders

Kabber(2003) refers a study by the Grameen Bank with showed that non-members of a Grameen Bank village were significantly more likely to use contraception than non-members in a non Grameen bank. This was to diffusion of the small family norm of Grameen women social networks within the village as the Grameen bank emphasises women's productive roles, as to reproductive roles and non members picked this norm from others.

Hypothesis of the study

Hypothesis 1: The number of SHG at Ramanagara district is not significantly high

Hypothesis 2: The amount of fund released from SHG is not significantly high

Methodology of the study

The present study is purely rely on secondary date which has collected from Women and children welfare department and government publications and website.

As the study is considered as descriptive study, while analysing the data obtained researcher can explore the hidden factors. Therefore, the present research work can stated as descriptive as well as explorative in nature.

A traditional research design is a blue print or detailed plan for how a research study is to be completed, operationalizing variables so they can be measure, selecting a sample of interest to study, collecting data to be used as basis for testing hypotheses and analysing the results .

The obtained data is analysed by using simple percentage, proportion and descriptive statistics. The stated hypotheses are tested by using inferential statistics like ANOVA to test the significant difference between two or more groups of targeted beneficiaries.

Data Analysis and Empirical Results

By using statistical techniques and to test the hypotheses which enable the researcher to study the stated objectives.

Objective 1. To analyse the number of SHG of micro credit in study area

This can be explained with the help of table below

Hypothesis 1: The number of SHG in the study area is not significantly high

The number of members of SHG in 2014-15 is 217 , in the year 2016-17 the additional new member of SHG is increased to 60. The highest additional increase is found in the study area. in the year 2017-18 the additional new member of SHG is increased to 167.

Objective: 2 to study the amount of fund released from SHG

Hypothesis 2: The amount of fund released from SHG is not significantly high.

The total amount of micro credit sanctioned for 139 members in 2014-15 is 800000 in which average per head credit is 5755.39. this average per head credit is decreased to 5000 in 2015-16. Though the total amount of fund released in 2016-17 is high which is 1000000 but per head average credit is approximately 5988.02.

From the above analysis it can be infer that the amount of loan sanctioned is differ significantly but the variation in the amount of subsidy sanctioned in the said time period is insignificant.

From the table is evident that the hypothesis of amount of credit sanctioned as wells average per head credit is very low at Ramanagara district. Therefore the hypothesis of the amount of fund released from SHG is not significantly high cannot be rejected and it can be infer that the total amount and average per head credit sanctioned is significantly low at Ramanagara district.

Conclusions

The study on scheme has a definite aim of improving the family incomes of rural poor and at the same time, providing for flexibility of design at the grass root level to suit the local need and resources. The objective of the restructuring is to make the scheme more the effective in providing sustainable income generation through micro credit development both are the land based and otherwise.

SHG scheme has been useful in improving conditions of women especially in the rural areas different castes and low economic groups by the providing a micro credit. The number of members and total of SHG is not significantly high. The amount of micro credit sanctioned by the SHG is not significantly high in study area.

The role of micro finance of SHG relation to alleviation of poverty and women empowerment is never be ignored. The impact on socio and economic women empowerment is never is ignored. The impact on socio and economic women empowerment is generally accepted and when it is managed carefully and services are designed to meet the needs of clients, micro finance had positive impacts not just on clients, but there is a livelihood security analysis based on analysis how a project impact on the micro finance benefits.

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