

6.ECONOMIC PERFORMANCE OF SHGS IN DHARWAD AND BELGAUM DISTRICTS OF NORTH KARNATAKA IN INDIA - A PERSPECTIVE OF MICROFINANCE

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ABSTRACT

Microfinance has become one of the powerful tool to strengthen the economy by empowering third tier group and helps to uplift the group belongs to chronic and below poverty line, specifically Microfinance through the SHGs turns the accountable group of women's towards monetary productivity as well as reasoned contributing in economic development by addition of their part in Per capita Income and Gross Domestic Product of Indian scale. After 1990s, Self Help Groups empower the women through different dimensions in varied sectors such as agriculture, farming, fisheries, horticulture, dairying, handicraft, tailoring, fashion and designing, small businesses and other entrepreneurial innovative activities can be recognized in financial inclusion of microfinance and SHGs. The bank linkage programmes positively enhanced the rural population in India. The training and development made tremendous contribution in appraisal of rural economy. The SHGs and microfinance via bank linkage programmes interconnected the rural and urban economy in the country. The present work is focus on monetary analysis and economic performance of Self Help Group members in Dharwad District and Belgaum Districts, the

study has been conducted by taking the sample size of 316 in each districts. It is a quantitative research based on the data collected from the samples and to accelerate the financial benefits availed by the beneficiaries in the different time period with distinguish purpose and for economic activities.

After 1990s to till 2020s there is a major changes has been taken place in this regard to promote economy and promotion of standard of living in the below poverty benchmark of the nation.

KEYWORDS

Microfinance, SHGs, Economic Performance, monetary benefits, growth and development.

INTRODUCTION

The Karnataka's economy is basically an agrarian and rural economy. it accounts for 56 percent of workforce of the state and also it supports varied activities like industry, trade & commerce, transport, etc. the rural economy of the state shift food articles and homemade items to non farm sector. Self help groups working as a bridge between the rural economies. Hence, micro productivity of the SHG economical activities is very helpful to urban economy. The transformation of finance and homemade products are creating monetary benefits to the members of SHG.

DATABASE AND METHODOLOGY

The following research methodology has been adapted to smoothly conduct the research work to gain the appropriate results and accurate outputs from the study.

STATEMENT OF THE PROBLEM

The microfinance implemented to empower poor segment and economically backwards through the formation of Self-Help Groups is making a uprising in both the districts of Dharwad and Belgaum, but it requires proper system, planning, strategy and functional methods without which the developmental activities will become weak in future.

OBJECTIVES OF THE STUDY

- To Study the progress of SHGs in Dharwad District and Belgaum District.
- To assess the financial and economical development and growth of SHG members in both the districts.

SELECTION OF TOPIC

The Self Help Group schemes have been gaining more important from the view point of policy-makers. There is a need for broad study on development and growth of SHGs in the districts. Eradication of poverty is a prime objective of the microfinance bank linkage programmes. Hence, understanding the working and prospective of members the interest is fell on the particular topic of financial efficiency of the SHG members.

DATA COLLECTION AND ANALYSIS

The study is based on primary data collected from the members of Self Help group members from both the Dharwad and Belgaum Districts. 316 samples are selected randomly from each districts, there are total 632 sample or respondents.

LIMITATIONS OF THE STUDY

- The study covers only the

Financial and Economical aspects of SHG members of Dharwad Districts and Belgaum District.

- It is purely dependent on the primary data and
- It used simple tabular, average and mathematical methods.

INCOME DETAILS OF SHG – MEMBERS

The monthly income of SHGs members significantly increased. Income is one of the important parameters reckoned in any evaluation programme of economic development to assess the success, maximum of members utilized the loan to undertake income owning activities such as milk business, cloth business, grocery shop and roti & chapati business etc.

In addition to the activities of thrift and credit group members will be trained in the following fields such as Fragrance sticks rolling, detergent manufacturing, candle making, book binding etc. training is very important input especially in the context of low level of literacy and poor skills SHG members were being trained by various agencies on a whole range of activities including above all and management related aspects like leadership, book keeping etc.

The table-01 depicts that the income details of SHG members, out of total respondents 10.44 per cent are earning less than Rs. 2000 especially these are newly joined members and least experienced, where, 18.67 per cent earning level is in between Rs 2001 to 4000, and 42.25 per cent earning level is Rs 4001 to 6000 whereas 25.79 per cent respondents income is Rs. 6001 to 8000 and 02.85 per cent are earning more than Rs 8001 to 10, 000 they are highly experienced members.

Table-01
Income details of SHG-Members in Dharwad and Belgaum Districts

Income Level	Number of Respondent				Total	Percent Age
	Dharwad District	Percent Age	Belgaum District	Percent Age		
Less than Rs. 2000	30	09.49	36	11.39	66	10.44
Rs.2001 to Rs. 4000	62	19.62	56	17.72	118	18.67
Rs.4001 to Rs. 6000	138	43.67	129	40.82	267	42.25
Rs.6001 to Rs. 8000	78	24.68	85	26.90	163	25.79
Rs. 8001 to Rs. 10,000	8	02.53	10	03.17	18	02.85
Total	316	100.00	316	100.00	632	100.00

Source: Field survey

MONTHLY SAVINGS DETAILS OF SHG-MEMBERS

Contribution of fixed sum on monthly basis as savings assumes greater importance as they directly influence on the growth of the common fund of group's accumulated savings, which is the first source of funds of the group that can be lent to the members. The savings details of SHG members are presented in the table.

Table-02
Monthly saving details of SHG-Members in Dharwad and Belgaum Districts

Savings Level	Number of Respondent				Total	Percent Age
	Dharwad District	Percent Age	Belgaum District	Percent Age		
Rs 100 – 200	38	12.03	30	09.49	68	10.76
Rs 201- 400	54	17.09	66	20.89	120	18.99
Rs.401- 600	141	44.62	136	43.04	277	43.83
Rs.601 – 800	78	24.68	79	25.00	157	24.84
Rs. 801 – 1000	05	01.58	5	01.58	10	01.58
Total	316	100.00	316	100.00	632	100.00

Source: Field survey

The table -02 shows that monthly savings of SHG members 10.76 per cent of respondents have reported their monthly savings are Rs. 100-200 per month, 18.99 per cent members reported their saving are Rs. 201-400 per month, 43.83 per cent of respondents savings are Rs.401-600

per month which is the highest rate of per cent among the different rate of savings in the study, 24.84 per cent of members is Rs. 601-800 and 01.58 per cent of SHG members revealed that their saving was fall between Rs.801-1000. Thus the formation of SHGs has definitely

promoted the saving behaviour among people especially poor and small savers in the society. Higher the income level increases the saving habits; on the other hand, lower the income level reduces the saving habits among the people. Thus, microfinance through the SHGs are making efforts to develop the saving behaviour among the members and trying to standardise the economic efficiency of poor segment of the society.

LOANS DETAILS OF SHG-MEMBERS

The credit demand was assessed based on the needs of the members. The members unanimously decided about the loan to be sanctioned. The interest rate is 3 to 4 per cent shall be charged the common fund pooled by the SHG members through savings; working capital loans from bank loans comprised the lendable resources of the group.

Table-03
Loan details SHG-Members in Dharwad and Belgaum Districts

Loan Amount	Number of Respondent				Total	Percent Age
	Dharwad District	Percent Age	Belgaum District	Percent Age		
Less than Rs. 10,000	46	14.56	52	16.46	98	15.51
Rs. 10,001- 20,000	33	10.44	27	08.54	60	09.49
Rs. 20,001- 30,000	121	38.29	142	44.94	277	41.61
Rs. 30,001- 50,000	104	32.91	79	25.00	157	28.96
Rs. 50,001 and above	12	03.79	16	05.06	10	04.43
Total	316	100.00	316	100.00	632	100.00

Source: Field survey.

The above table-03 shows that the 15.51 per cent respondents borrowed loan less than Rs. 10,000, 09.49 per cent SHG members borrowed loan at Rs. 10,001- 20,000, 41.61 per cent were borrowed at Rs. 20,001- 30,000, 28.96 per cent of respondents borrowed at Rs. 30,001- 50,000 and the only 04.43 per cent members have borrowed Rs. 50,001 and above.

The extension of provision of loan is based on the work and linkage with the SHG as well as continuation of relationship with the banks and prompt payment or refund of loan on time. The honesty with the bank supports to increase the quantity of sum of amount.

ACTIVITIES OR OCCUPATION OF SHGS MEMBERS

Distribution of respondents on the

basis of occupation indicates that every group of SHG were find different activities among members. Whereas, the house wives come out to support financially to their family. It is difficult for them to manage both job/work and home simultaneously, so they start business at home which helps to manage home as well as job properly, and some members initiate their business out of home.

The members of SHGs are involved in number of activities namely small business, handlooms, tailoring, horticulture, teachers and factory work, milk business etc are the major production activities for which loans were obtained through SHGs.

The table-04 reveals that the different occupations of SHG members involved out of total sample in Dharwad and Belgaum districts majority of

respondents are involved in the activities of tailoring, servants, milk business, beedi rolling, and roti business. Out of total sample respondents 02.69 per cent are in teaching jobs as private work, 09.34 and 09.49 per cent respondents occupation is milk and cloth businesses, where as 15.82 per cent and 10.28 per cent members' occupation is roti business and Tailoring, 14.56 per cent 07.59 per cent are grocery sellers and

servants, 04.27 per cent and 07.12 per cent are factory worker and handlooms, 10.28 per cent and 3.01 per cent are in fruit dealers and horticulture and the 05.54 per cent are in other type of business. Thus, SHGs helps women to develop in the field economically as well as financially by generating employment.

Table-04**Occupational distribution of SHG-Members in Dharwad and Belgaum Districts**

Types of Activities	Number of Respondent				Total	Percent Age
	Dharwad District	Percent Age	Belgaum District	Percent Age		
Teachers	12	03.80	05	01.58	17	02.69
Milk Business	28	08.86	31	09.81	59	09.34
Cloth Business	33	10.44	27	08.54	60	09.49
Roti Business	49	15.51	51	16.14	100	15.82
Tailoring	36	11.39	29	09.18	65	10.28
Kirani Shops	51	16.14	41	12.97	92	14.56
Servants	22	06.96	26	08.23	48	07.59
Factory Worker	11	03.48	16	05.06	27	04.27
Handlooms	24	07.60	21	06.65	45	07.12
Fruit Business	26	08.22	39	12.34	65	10.28
Horticulture	08	02.53	11	03.48	19	03.01
Others	16	05.06	19	06.01	35	05.54
Total	316	100.00	316	100.00	632	100.00

Source: Field survey

The Loan Utilisation of SHGs members

The table-05 explains that the purpose of which loan is utilized by the SHG participants, 82.28 per cent of members are availed loan for economic or business or productive purpose basically, the remaining members they apply for loan with an intention of their personal purposes but later on they are also converted or diverted their mentality towards economic benefits of microfinance.

Table-05 Purpose for which loan is utilized by SHG-Members in Dharwad and Belgaum Districts

Purpose	Number of Respondent				Total	Percent Age
	Dharwad District	Percent Age	Belgaum District	Percent Age		
Family Expenditure	13	04.11	22	06.96	35	05.54
Marriage and other	17	05.38	19	06.01	36	05.70
Business or Economic	267	84.49	253	80.06	520	82.28
Other	19	06.02	22	06.97	41	06.48
Total	316	100.00	316	100.00	632	100.00

Source: Field survey

Rate of Interest Charged on credit to SHG-Members**Table-06****Rate of Interest Charged on credit to SHG-Members in Dharwad and Belgaum Districts**

Rate of Interest	Number of Respondent				Total	Percent Age
	Dharwad District	Percent Age	Belgaum District	Percent Age		
2-4%	59	18.67	52	16.46	111	17.56
4-6%	152	48.10	160	50.63	312	49.37
6-8%	97	30.70	91	28.80	188	29.75
8-10%	08	02.53	13	04.11	21	03.32
Total	316	100.00	316	100.00	632	100.00

Source: Field survey

The above table-06 reveals that the rate of interest charged on credit borrowed by SHG members in the research work, around 49.37 per cent of beneficiaries are fall in the interest rate of 4-6 per cent, 29.75 per cent of beneficiaries are fall in the interest rate group of 6-8 per cent, 17.56 per cent of members come under the 2-4 per cent and only the 03.32 per cent of loan borrower are in the rate of 8-10 per cent.

Banks lend the microfinance schemes based on their capacity and repayment position, good innovative ideas and business plans are able to get good amount of loan. Systematic payment of loan benefits the users to avail maximum loan amount in future for their economic purpose.

Response to Rate of Interest on Loans SHG-Members**Table-07****Response to Rate of Interest on Loans SHG-Members in Dharwad and Belgaum Districts**

Reaction to the Rate of Interest	Number of Respondent				Total	Percent Age
	Dharwad District	Percent Age	Belgaum District	Percent Age		
Fully Agreed/Satisfied	218	68.99	170	53.78	388	61.39
Agreed/Satisfied	62	19.62	102	32.28	164	25.95
Not Agreed/Satisfied	21	06.65	26	08.23	47	07.44
Feels Burdened	15	04.74	18	05.70	33	05.22
Total	316	100.00	316	100.00	632	100.00

Source: Field survey

The above table-07 reveals that the response to rate of interest on loan, the borrower of loan under the scheme of SHG microfinance with bank linkages are reacted that the lower rate of interest would better for them to make interest payment. 61.39 per cent and 25.95 per cent of respondents are agreed and as well as satisfied with the lower rate of interest of the bank, on the other hand, 07.44 per cent and 05.22

per cent of SHG members are not agreed with interest and they feels burden on payment of interest on bank loan, this is the group who paid high interest rate on their borrowed loan. The SHG members believed that the higher rate of interest declines their savings, major portion of the income need to pay back to the bank. The purchase of fixed assets for business also make high expensive to them.

Improvement in Household Income SHG-Members

Table-08
Improvement in Household Income SHG-Members in
Dharwad and Belgaum Districts

Increment in Income	Number of Respondent				Total	Percent Age
	Dharwad District	Percent Age	Belgaum District	Percent Age		
To a maximum extent	42	13.29	31	09.81	73	11.55
To average extent	153	48.42	162	51.27	315	49.84
To some extent	121	38.29	123	38.92	244	38.61
Total	316	100.00	316	100.00	632	100.00

Source: Field survey

The above table-08 reveals that the increase in household income of SHG members, all the self help group members are having common view on income of their business activities, they conclude that there is an economic improvement after joining SHGs, monetary condition of their household was much better than earlier because of microfinance facilities offered to them.

The study shows that the 11.55 per cent of respondents are maximum satisfied and having view that the family income was increased due to SHGs, 49.84 per cent and 38.61 per cent of members are satisfied with average and to the some extent that they got the financial benefits in microfinance scheme.

CONCLUSION

The prime objective of providing financial assistance provided the SHGs for the progress of socio-economic or financial status are initiates the economically weaker section and brings a swift to the self help group members in rural economy. The strategic schemes offered by microfinance through bank linkage programme have made tremendous changes in women empowerment and an opportunity to gain financial benefits with an objective to make innovative strategies and plans.

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