

An executive summary of the final report of work done on the Minor Research Project of Ms. HARINAKSHI, entitled “A Study on Financial Inclusion through Micro-Finance on Self Help Groups in Mangalore, Karnataka” sanctioned by UGC, vide sanction letter No. 1446-MRP/14-15/KAMA002/UGC-SWRO dated 04/02/2015.

### **EXECUTIVE SUMMARY**

Rural people often have just hand to mouth existence and have few reserves for major expenses. They need to save and borrow to meet expenses. But borrowings have serious limitations in terms of cost, risk, and convenience. The scheme of micro financing through Self Help Groups (SHGs) has transferred the real economic power in the hands of rural people who are the members of SHGs and has considerably reduced their dependence on others. This has helped in empowerment of members and building self confidence, but lack of education often comes in the way and many a times they had to seek help from their family members for day-to-day work viz; bank, accounts, etc. The distance education provides an opportunity to these members to improve their skills. The higher level of learning will help them to learn skill and vocations and play an effective role in the management of SHGs.

The primary purpose of this study is to find out how microfinance as a tool gradually and evolutionarily provides growth opportunities to poor people to increase their standard of living and quality of life through Self Help Groups. The present study is descriptive in nature aiming at understanding the awareness, saving, borrowing behavior and impact of financial inclusion on SHGs and is based on primary data. Data were collected from 204 respondents of 17 SHGs belonging to Kinya Village of Mangalore Taluk.

The data were analyzed by using SPSS. Socioeconomic Background of Self-Help Group Members and reasons for joining SHGs was tabulated using frequency distribution. The Multi-Variate tables were used to throw light on the age, gender, monthly income, educational level and occupation. Descriptive analysis was conducted to understand the following characteristics: access to avail loan, information regarding various credit facilities, better saving habit, repayment policies, investment and loan amount utilization. Paired sample t test was used to

identify the impact of financial inclusion that is savings before and after joining the SHGs among the members of SHGs while the Eta test and Spearman correlation test were used to understand the association and correlation between gender, marital status and financial inclusion. The study is based purely on primary data and as a result inherits the drawbacks of primary data. Statistical analysis was conducted solely on the data provided by the respondents. Furthermore, poverty and poor education level of respondents posed difficulties in getting accurate information and the study is confined only with the Kinya village of Mangalore Taluk where the result may not be applicable to the others villages.

The major findings of the research shows that the majority of the members are aware of the fact that SHGs promotes better saving habit and better access to loan. This indicates that these two components are the important aspects of financial inclusion. Majority of the members in the study area are also opinioned that SHGs has benefited them in terms of better access to education, better financial situation, increase in skill and the overall standard of living of the family members. On an average the saving of the members before joining was in the range of Rs. 501-1000 which has increased to Rs. 1001-1500 after joining SHGs. This shows that the joining SHGs have increased the saving habit of the members. The findings also highlights that no significant association has been detected between demographic characteristics of the members and the level of financial inclusion. SHGs help in achieving financial inclusion of all irrespective of their socioeconomic characteristics

The SHG have made a lasting impact on the lives of the members particularly in Kinya village of Mangalore Taluk and their quality of life has improved a lot. The SHG members have gain self-confidence, they got an opportunity to improve their hidden talents after joining the SHG, they can speak freely in front of large group of peoples, and they got recognition in the society. SHG have also given members a greater role in household decision making. The SHG can play its role in various empowerments like, economic, social, and political. There is an appreciable empowerment in the social space than economic empowerment. The study shows that the main reason for joining SHG is not merely to get credit, it is an empowerment process. The analysis clearly reflects that the financial inclusion through micro finance creates a new economic revolution in the lives of poor members by way of increasing the income and savings of the rural poor. The microfinance-SHG have a great bearing on

empowerment of rural people. It has become a ladder for the poor, to bring them up not only economically but also socially, mentally, politically, educationally and attitudinally.