

## Micro-Credit Programs on Women's Empowerment in Belgaum district, Karnataka

Mubeen. R. Pathan<sup>1\*</sup> and Dr. Bharathari Yadav<sup>2</sup>

<sup>1</sup>Research Scholar, Dept. of Commerce, Radha Govind University, Ramgarh, Jharkhand, India.

<sup>2</sup> Research Guide, Dept. of Commerce, Radha Govind University, Ramgarh, Jharkhand, India.

### ABSTRACT

*Microcredit programs have demonstrated significant potential in empowering individuals, particularly women, through enhanced economic opportunities and asset accumulation. While their role in fostering socio-political empowerment remains underexplored, this study investigates how microcredit contributes to women's participation in community leadership, decision-making processes, and political engagement in Belgaum district, Karnataka. Using a mixed-methods approach, the research analyzes qualitative interviews and quantitative survey data from 530 women engaged in microcredit programs. Findings suggest that while economic independence is achieved, barriers to social and political empowerment persist due to cultural norms, lack of education, and institutional constraints. The study underscores the need for integrating financial literacy, leadership training, and policy interventions to transform economic gains into broader empowerment outcomes.*

**Keywords:** Microcredit, Women's Empowerment, Political Participation, Social Inclusion, Gender Equality, Leadership Development

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### INTRODUCTION

Microcredit, a concept pioneered by Muhammad Yunus and popularized globally through institutions like the Grameen Bank in Bangladesh, has transformed the landscape of poverty alleviation and economic empowerment, particularly for women in developing countries (Bariya et al., 2018). This innovative financial tool provides small-scale loans to individuals who lack access to traditional banking services, aiming to spur entrepreneurship, enhance livelihoods, and uplift communities.

### The Evolution of Microcredit

Microcredit, pioneered by Muhammad Yunus and introduced through the Grameen Bank in Bangladesh during the 1970s, revolutionized traditional banking practices by offering collateral-free loans to impoverished individuals, particularly women in rural areas (Biswal et al., 2016). Contemporary vision stemmed from a profound belief that even the smallest amounts of credit could empower individuals trapped in cycles of poverty. This innovative approach challenged conventional banking norms by extending financial services to those traditionally excluded due to lack of collateral or credit history. The Grameen Bank's success in providing microcredit to poor women in Bangladesh sparked a global movement aimed at leveraging finance as a tool for socio-economic empowerment (Bose, 2016). By focusing on marginalized populations, particularly women, microcredit initiatives aimed not only to alleviate immediate financial constraints but also to foster economic self-sufficiency and community development.

### Conceptual Framework

At its core, microcredit operates on the premise that financial inclusion can catalyze grassroots development. Theoretical frameworks supporting this concept (Dhanya and Sivakumar 2010) include:

- **Social Capital Theory:** This perspective emphasizes the role of social networks and relationships in enhancing economic outcomes. By providing access to financial resources, microcredit programs facilitate the formation of social capital, enabling individuals, especially women, to leverage community support for entrepreneurial activities (Deepk et al., 2012).

- **Human Development Theories:** These theories underscore the intrinsic value of empowering individuals to enhance their capabilities and freedoms. By equipping women with financial resources and skills, microcredit enhances their agency and autonomy, thereby contributing to broader human development goals.
- **Gender and Development Perspectives:** Highlighting the importance of addressing gender disparities, these perspectives advocate for policies and interventions that empower women economically, socially, and politically. Microcredit programs specifically target women due to their disproportionate experience of poverty and limited access to formal financial services (Kumar et al., 2017).

### **Women's Empowerment through Microcredit**

Women comprise a significant proportion of the world's poor and face systemic barriers such as limited education, healthcare, and economic opportunities. Microcredit programs strategically target women, recognizing their pivotal role in household welfare and community development (Kim et al., 2007). By offering small loans coupled with financial literacy training and support services, these programs aim to achieve multifaceted empowerment, viz.,

- **Economic Empowerment:** Microcredit enables women to start or expand small businesses, increase their income, and build assets. By providing access to credit, women gain financial independence and stability, reducing their vulnerability to economic shocks.
- **Social Empowerment:** Beyond economic benefits, microcredit enhances women's social status and decision-making power within households and communities. As women become financially self-sufficient, they gain confidence and assertiveness, challenging traditional gender roles and norms (Das and Dey, 2012).
- **Psychological Empowerment:** Microcredit enhances women's self-esteem and sense of control over their lives. By acquiring financial skills and engaging in economic activities, women experience a transformative shift in their perceived capabilities and aspirations.

Microcredit represents more than just financial assistance; it embodies a transformative approach to poverty alleviation and women's empowerment. By addressing both economic and social dimensions, microcredit programs empower women to break free from poverty traps, assert their rights, and contribute meaningfully to their communities (Kaushik and Singh, 2010). However, challenges such as over-indebtedness and sustainability remain critical considerations in optimizing the impact of microcredit on women's lives. This nuanced understanding underscores the ongoing importance of tailored interventions and supportive policies to maximize the benefits of microcredit for gender equality and sustainable development goals (Krishna and Ramesha 2019).

According to Priya Samant (2019) every government has made gender equality a priority. Empowering women is essential for growth and nation building in developing nations because they make up fifty percent of the population. In order to empower and support the socio-economic development of marginalized groups, including women's groups and minority populations mostly living in rural areas, several microfinance institutions (MFIs) provide microcredit and loans through group models, such as Self-Help Groups and Joint Liability Groups. Microcredit has a good effect, according to previous research, but giving members access to credit does not ensure their empowerment. The goal of socioeconomic growth can only be achieved through empowerment, according to previous research, which in turn requires an integrated strategy from all the participating bodies and institutions. Since there is now scant material discussing the effects of microcredit. In this study, researchers in Uttarakhand's Haridwar district look at how microcredit affected three measures of women's empowerment: decision-making, awareness, and psychological variables. Microcredit and loans are extended to women through established groups called Joint Liability Groups. In this study, we use the convenience sampling method of non-probability sampling to choose samples of women whose empowerment indicators are reliant on their access to microcredit. Three hundred sixty-two member beneficiaries make up the study's sample size. One way to determine if two variables, the dependent and independent ones, are significantly related is to use hypothesis testing. Access to microcredit and empowerment indicators are investigated using inferential statistics, specifically a Chi-square test. The results show that indices of women's empowerment are unrelated to their access to microcredit. The findings show that microcredit via JLGs does not improve the lives of its recipients or have any effect on the empowerment indicators. The report suggests a number of changes based on its findings, including more frequent and ongoing effect assessments by lending institutions, involvement from state and municipal agencies, investigation of socio-cultural issues, and the establishment of a self-administered system for women. Microcredit has the potential to enhance the lives of its recipients, and

the results can help different stakeholders develop better approaches by revealing where they can make improvements (Samant, 2019).

## METHODOLOGY

### Research Design

A mixed-methods research design was employed to ensure a comprehensive understanding of microcredit's impact on socio-political empowerment. Quantitative surveys captured trends in women's participation in decision-making, while qualitative interviews provided deeper insights into personal experiences and challenges.

### Sampling and Data Collection

The study surveyed 530 women participating in microcredit programs across Belgaum district. A stratified sampling technique was used to ensure representation across different socio-economic backgrounds.

### Surveys:

Measured participation in household decision-making, community activities, and political engagement.

**In-depth Interviews:** Explored challenges, perceptions of empowerment, and socio-political aspirations.

### Data Analysis

Quantitative data were analyzed using descriptive statistics and regression models to identify correlations between microcredit participation and indicators of socio-political empowerment. Qualitative data were coded thematically to understand narratives of empowerment and barriers to participation.

## RESULTS AND DISCUSSION

**Table 1 Nature of Income Generating Activity – Taluk-wise**

| Nature of Income Generating Activity | Gokak - Number of Respondents | Gokak - Percentage | Chikodi - Number of Respondents | Chikodi - Percentage |
|--------------------------------------|-------------------------------|--------------------|---------------------------------|----------------------|
| Food Processing                      | 17                            | 6.4%               | 33                              | 12.5%                |
| Hotel / Catering                     | 5                             | 1.9%               | 25                              | 9.4%                 |
| Production                           | 76                            | 28.7%              | 40                              | 15.1%                |
| Service                              | 44                            | 16.6%              | 41                              | 15.5%                |
| Agriculture and Allied Activities    | 123                           | 46.4%              | 126                             | 47.5%                |
| <b>Total</b>                         | <b>265</b>                    | <b>100.0%</b>      | <b>265</b>                      | <b>100.0%</b>        |

Table 1 provides a breakdown of the types of income-generating activities in Gokak and Chikodi. Agriculture and allied activities are the most common in both Taluk, with 46.4% in Gokak and 47.5% in Chikodi. Other activities, like food processing and service, are less common but still significant.

**Table 2 Reason for Selecting a Particular Income Generating Activity – Taluk-wise**

| Reason for Selecting Activity        | Gokak - Number of Respondents | Gokak - Percentage | Chikodi - Number of Respondents | Chikodi - Percentage |
|--------------------------------------|-------------------------------|--------------------|---------------------------------|----------------------|
| Higher Profit Margin                 | 80                            | 30.19%             | 90                              | 33.96%               |
| Availability of Raw Materials        | 70                            | 26.42%             | 75                              | 28.30%               |
| Skill and Experience in the Activity | 60                            | 22.64%             | 50                              | 18.87%               |
| Lower Initial Investment             | 30                            | 11.32%             | 25                              | 9.43%                |
| Family Tradition                     | 15                            | 5.66%              | 15                              | 5.66%                |
| Other                                | 10                            | 3.77%              | 10                              | 3.77%                |
| <b>Total</b>                         | <b>265</b>                    | <b>100.0%</b>      | <b>265</b>                      | <b>100.0%</b>        |

Table 2 outlines the reasons respondents in Gokak and Chikodi selected their income-generating activities. The main reasons are higher profit margins and the availability of raw materials, with 30.19% and 26.42% in Gokak and 33.96% and 28.30% in Chikodi, respectively. Other factors such as skill and experience, and lower initial investment, also influence the choice but to a lesser extent.

**Table 3 Types of Help of Microcredit Institutions – Taluk-wise**

| Type of Help                   | Gokak - Number of Respondents | Gokak - Percentage | Chikodi - Number of Respondents | Chikodi - Percentage |
|--------------------------------|-------------------------------|--------------------|---------------------------------|----------------------|
| Financial Assistance           | 150                           | 56.60%             | 140                             | 52.83%               |
| Training and Skill Development | 40                            | 15.09%             | 50                              | 18.87%               |
| Market Linkage                 | 30                            | 11.32%             | 35                              | 13.21%               |
| Business Planning and Advisory | 25                            | 9.43%              | 20                              | 7.55%                |
| Networking Opportunities       | 10                            | 3.77%              | 15                              | 5.66%                |
| Other                          | 10                            | 3.77%              | 5                               | 1.89%                |
| <b>Total</b>                   | <b>265</b>                    | <b>100.0%</b>      | <b>265</b>                      | <b>100.0%</b>        |

Table 4 shows the types of assistance provided by microcredit institutions in Gokak and Chikodi. Financial assistance is the most common form of help in both taluks, with 56.60% in Gokak and 52.83% in Chikodi. Other supports, such as training, market linkage, and business planning, are also provided but to a lesser extent.

**Table 5 Source of Investment – Taluk-wise**

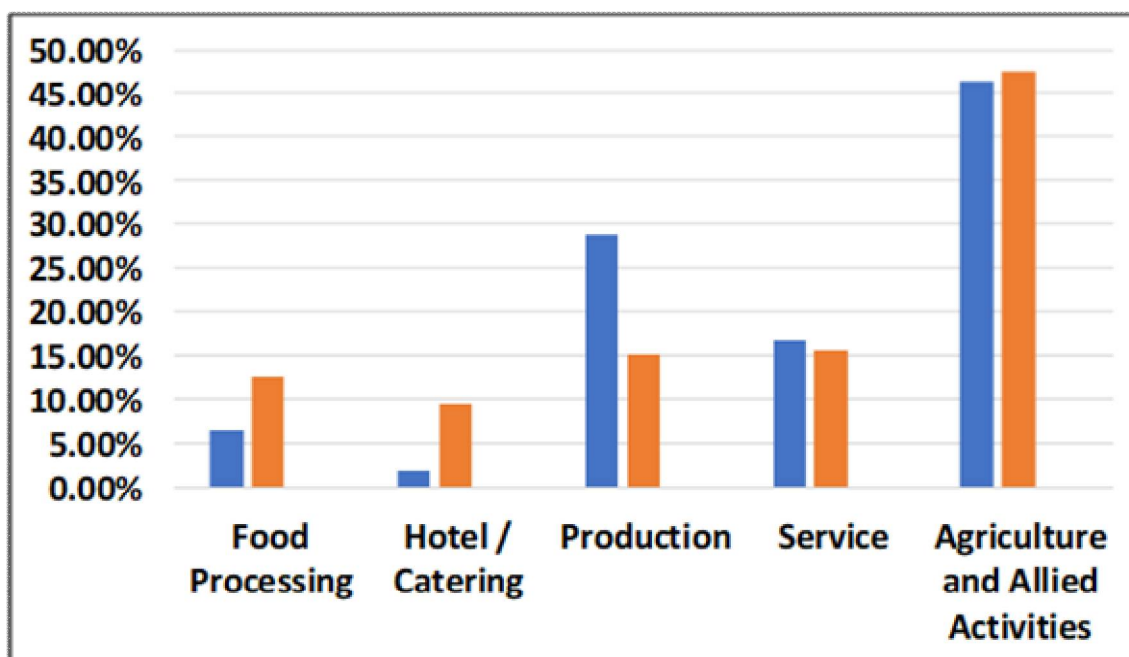
| Source of Investment     | Gokak - Number of Respondents | Gokak - Percentage | Chikodi - Number of Respondents | Chikodi - Percentage |
|--------------------------|-------------------------------|--------------------|---------------------------------|----------------------|
| Own Savings              | 70                            | 26.42%             | 60                              | 22.64%               |
| Microcredit Institutions | 120                           | 45.28%             | 110                             | 41.51%               |
| Family and Friends       | 30                            | 11.32%             | 40                              | 15.09%               |
| Government Grants        | 15                            | 5.66%              | 20                              | 7.55%                |
| Other NGOs               | 20                            | 7.55%              | 25                              | 9.43%                |
| Other                    | 10                            | 3.77%              | 10                              | 3.77%                |
| <b>Total</b>             | <b>265</b>                    | <b>100.0%</b>      | <b>265</b>                      | <b>100.0%</b>        |

Table 5 outlines the sources of investment for respondents in Gokak and Chikodi. Microcredit institutions are the primary source of investment in both taluks, with 45.28% in Gokak and 41.51% in Chikodi. Own savings and support from family and friends also play significant roles, while government grants and other NGOs contribute to a lesser extent.

**Table 6 Amount of Investment – Taluk-wise**

| Amount of Investment | Gokak - Number of Respondents | Gokak - Percentage | Chikodi - Number of Respondents | Chikodi - Percentage |
|----------------------|-------------------------------|--------------------|---------------------------------|----------------------|
| Up to Rs 500         | 50                            | 18.87%             | 40                              | 15.09%               |
| Rs 501 - Rs 1,000    | 70                            | 26.42%             | 65                              | 24.53%               |
| Rs 1,001 - Rs 2,000  | 80                            | 30.19%             | 90                              | 33.96%               |
| Rs 2,001 - Rs 5,000  | 40                            | 15.09%             | 45                              | 16.98%               |
| Above Rs 5,000       | 25                            | 9.43%              | 25                              | 9.43%                |
| <b>Total</b>         | <b>265</b>                    | <b>100.0%</b>      | <b>265</b>                      | <b>100.0%</b>        |

Table 6 shows the distribution of investment amounts among respondents in Gokak and Chikodi. The majority of investments fall within the Rs 1,001 - Rs 2,000 range, with 30.19% in Gokak and 33.96% in Chikodi. Lower investment amounts, such as up to Rs 500, are less common, while investments above Rs 5,000 are relatively rare in both taluks.



**Figure 1 Nature of Income Generating Activity - Taluk-wise**

## CONCLUSION

The study highlights the significant role of microcredit programs in enhancing women's economic stability and self-sufficiency. However, while financial independence is achieved, broader social and political empowerment remains a challenge due to entrenched cultural norms and institutional limitations. The findings suggest that microcredit programs should be complemented by supportive policies, skill development initiatives, and awareness campaigns to bridge the empowerment gap. Moving forward, a more integrated and holistic approach to microcredit implementation—one that includes education, market linkages, and community engagement—will be essential in ensuring long-term, sustainable empowerment for women.

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