

**A Study On Women Empowerment Through Grameen Koota Financial Services In Karnataka -A Case Study Approach In Micro Finance Context****Prema**Assistant professor GFGC, Raibag  
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Belgaum District, Karnataka**ABSTRACT**

Credit Access Grameen was visualized by Mrs. Vinatha M. Reddy in December 1996. inspired by the book 'Give Us Credit' by Alex Counts, President and CEO, Grameen Foundation USA. The book detailed remarkable stories of Bangladesh's poor who raised themselves out of poverty using micro-credit during the microfinance movement, spearheaded by Nobel Laureate Professor Muhammad Yunus. Grameen Koota Financial Services Pvt. Ltd currently known as Credit Access Grameen Limited (CA Grameen Limited) was born with the intention of providing timely and affordable credit to India's poor and low-income households. with the same urge, it is been serving many women across the country by offering a multitude of both financial and non-financial products. Its services cater to the life cycle needs of its customers. Credit Access Grameen products are subject to periodic modifications based on feedback from customers and input from staff. In this article a highlight has been thrown on narrating its various retail financial products and its women beneficiaries and their related inspiring stories that have positively impacted their life leaving behind many remarkable examples which will in turn lead to inspire other women's in women empowerment context. The data source is purely secondary data sources and women beneficiaries' examples are from Karnataka region only.

**KEY WORDS: Microfinance Model, MFIs, NBFCs., Etc.****1. INTRODUCTION**

Microfinance sector has grown rapidly over the past few decades. Today it has evolved into a vibrant industry exhibiting a variety of business models. Microfinance Institutions (MFIs) in India exist as NGOs (registered as societies or trusts), Section 8 companies and Non-Banking Financial Companies (NBFCs). Commercial Banks, Regional Rural Banks (RRBs), cooperative societies and other large lenders have played a pivotal role in providing refinance facility to MFIs. Banks have also leveraged the Self-Help Groups (SHGs) channel to provide direct credit to group borrowers.

**MEANING**

Microfinance is a way in which loans, credit, insurance, access to savings accounts, and money transfers are provided to small business owners and entrepreneurs in the underdeveloped parts of India.

**IMPORTANCE OF MICROFINANCE**

Almost half of the population of our country does not have a basic savings account. Microfinance provides access to capital for individuals who are financially underserved. If microfinance institutions were not offering loans to this segment of the society, the probability of them opting for fast cash loans or payday advances (that bear huge interest rates) are also high.

Microfinance helps these groups invest wisely in their businesses, and hence, is in alignment with the government's vision of financial inclusion in the country.

## HIGHLIGHTS

- Microloans in the range of Rs.20,000 – Rs.30,000 are availed the most in India. However, the category of loans in the range of Rs.30,000 - Rs.40,000 saw a rise of 56% between Q3 FY18 and Q3 FY19.,
- The microfinance industry has registered a growth of 44% YoY as on 31 March 2019. (As per CRIF High Mark Report)

## KEY FEATURES OF MICROFINANCE

Some of the significant features of microfinance are as follows

- The borrowers are generally from low income backgrounds who avail micro loans.
- The loan tenure is short, and purpose is income generation.
- Microfinance loans do not require any collateral
- These loans are usually repaid at higher frequencies

## MICROFINANCE CHANNELS

- Microfinance in India operates primarily through two channels:
- SHG-Bank Linkage Programme (SBLP)
- Microfinance Institutions (MFIs)

## ROLE OF MICROFINANCE INSTITUTIONS (MFIS)

- Microfinance services are offered by the following sources:
- Formal institutions, i.e., cooperatives and rural banks
- Semiformal institutions, i.e., non-government organizations
- Informal sources, such as shopkeepers and small-scale lenders
- Institutional microfinance encompasses the services provided by both formal and semiformal institutions.

A microfinance institution specializes in banking services for low-income individuals and groups. These institutions access financial resources from mainstream financial entities and provide support service to the poor. Microfinance institutions are hence, emerging as one of the most effective tools in reducing poverty in India.

The different types of institutions offering microfinance in India are: Commercial banks Credit unions, NGOs, Sectors of government banks, Cooperatives

Microfinance institutions act as a supplement to the services offered by banks. Apart from offering micro credit, financial services such as insurance, savings, and remittance are provided. Non-financial services such as training, counselling, and supporting borrowers are offered in the most convenient manner as well.

## HISTORY OF CA GRAMEEN LIMITED

Credit Access Grameen was founded in May 1999 as a project under the T. Muniswamappa Trust (TMT), an NGO in South Bangalore. Grameen Trust, Bangladesh, provided seed capital funding to TMT to replicate the Grameen Bank Bangladesh microfinance model. Credit Access Grameen adapted the Grameen Bank's group lending methodology of microfinance to the

Indian setting and launched operations in Avalahalli on the outskirts of South Bangalore. It offered collateral-free loans as well as other services to women from poor and low-income households with the aim of creating equal opportunities and inclusive development of both urban and rural poor. The loans intended to help customers raise their standard of living and break the cycle of poverty. Credit Access Grameen steadily groomed a class of mature and financially literate women entrepreneurs who began to outgrow the group lending model.

In 2007, the microfinance activities of Credit Access Grameen were transferred from NGO to a well-regulated and registered Non-Banking Financial Company (NBFC), which subsequently got reclassified into a regulated and governed Non-Banking Financial Company – Micro Finance Institutions (NBFC-MFI) entity by Reserve Bank of India (RBI) in 2013. Grameen Koota continues to be the operating brand name of Credit Access Grameen Limited (formerly known as Grameen Koota Financial Service Private Limited). **Udaya Kumar Hebbar** is the present MD & CEO of the Company.

## **PRODUCTS OF GRAMEEN KOOKA**

Grameen Koota offers 2 products, namely Financial products and Non-financial products.

### **FINANCIAL PRODUCTS ARE CLASSIFIED INTO 3 BROAD CATEGORIES**

- 1 Group Lending
- 2 Retail finance
- 3 Distributor Products

### **NON-FINANCIAL PRODUCTS ARE CLASSIFIED INTO 4 CATEGORIES;**

- 1 SAC workshops
- 2 Jagruti
- 3 sushikshana
- 4 Wash

## **FINANCIAL PRODUCTS OFFERD BY GRAMEEN KOOKA**

Grameen Koota offers a range of financial products including loans to support their customers to set up a new business, working capital to address cash flow gaps, Family Welfare loans to meet cyclic, unexpected or one-time needs of a family and Emergency loans to address short-term cash flow constraints during emergencies.

### **GROUP LENDING**

Under this category loan is offered to meet the following objectives of clients.

- Emergency Loans
- Family Welfare Loans
- Home Improvement Loans
- Income Generation Loans

below table illustrates the very purpose, amount under the category and tenure of the loans.

Group Lending	Purpose	Loan Amount	Rate of Interest	Tenure
1. Emergency Loans	To better deal with sudden crisis situations	▪ 1000	18% Per annum	Max. 3 months
2. Family Welfare Loans	To improve their quality of life	▪ 1,000- ▪ 15,000	18% Per annum	Min 24 weeks to Max of 52 weeks
3. Home Improvement Loans	For improvement and extension their existing houses	▪ 5,000 - ▪ 50,000	18% Per annum	Min 52 weeks to Max 208 weeks
4. Income Generation Loans	To meet the client business's additional working capital requirements	▪ 80000	1 st IGL loan 21% per annum on declining balance	Minimum 52 weeks to Maximum of 104 weeks
			II nd IGL loan 19% per annum on declining balance	
			Supplement IGL loan 19% per annum on declining balance	

**RETAIL FINANCE**

Introduced in 2016, Retail Finance offers individual loans to existing customers. Retail Finance primarily targets customers who have high entrepreneurial capacity, using the JLG model (joint liability group) and can borrow larger loans in their individual capacity. Retail finance is offered under 4 groups as follows

- Grameen Savaari Loan
- Grameen Udyog loan
- Grameen Vikas Loan
- Grameen Suvidha Loan

Group Lending	Purpose	Loan Amount	Rate of Interest	Tenure
1. Grameen Savaari Loan	purchase of new two-wheelers to support their income generation activity	Up to ▪ 70000	22% per annum on reducing balance	24 months
2. Grameen Udyog loan	To meet their working capital requirements	Up to ▪ 150000	22% per annum on reducing balance	24 months

3.Grameen Vikas loan	To have high credit requirement for business expansion, inventory purchase etc.	Up to ▪ 500000	22% per annum on reducing balance	Min 24 months - max 60 months
4 Grameen Suvidha loan	To meet additional needs usually for the upkeep of assets or inventory related to business	loan can be availed up 15% of sanctioned Udyog/Savaari loan amount.	20% per annum on reducing balance	6 months

Each of the above loan purpose, sanction amount and tenure are given in the below table.

### NON-FINANCIAL PRODUCTS

Under Non-Financial Products, Grameen Koota (i.e., Credit Access Grameen Ltd aims to achieve a right mix of economic & social development programs which are essential to achieve development goals. Its non-financial products such as customer education, financial literacy, water and sanitation projects, and such many other programs reflect the right mix in this direction. It achieves its non-financial goals through programs named under 4 categories as

- Jagruti
- SAC Workshops
- Sushikshana

### WASH

**Impacting and inspiring Stories of each above of the products beneficiaries is been narrated one by one**

### SUCCESS STORY OF DEEPANJALI AND HER DETERMINATION TO RISE

Deepanjali is a customer of Credit Access Grameen and her husband Lokesh, hails from Tumkur, who tread the path of success through hard work.



Working in a factory under tough conditions had never been easy for Deepanjali, especially when it started taking a toll on her health. It was during this period that her husband, Lokesh advised her to quit her job and try something on their own.

Deepanjali joined the Microfinance Group. Aided by the support of CA Grameen and her husband, they borrowed a loan of Rs 25,000/- to set up their own small Kirana and Tea shop. On hearing about the individual loans, they approached CA Grameen and availed a loan of Rs ,00,000/-. A part of this was used to enhance stock supplies and for the expansion of their shop, while the other portion of the loan was invested in the packaging business of camphor and incense sticks. “We are happy as we are making profits from our store and our dairy business. Because of this, we also have some savings in the bank,” says Lokesh.

With Deepanjali’s determination and with the help of Credit Access Grameen, they look forward to opening a small factory in the future.

### **GRAMEEN KOOA HAS HELPED US WHEN WE NEEDED IT THE MOST: MUBEEN TAJ**

Mubeena Taj and her husband Outubuddin were running a bakery business that suffered heavy losses. They borrowed money at very high interest rates and struggled to repay and had to close the business. Around this time, Mubeena heard that Grameen Koota had come to her village and were enrolling women members.



“I didn’t know anything about financial services or what it meant to be a member of a group,” she says. “My husband was reluctant, but I convinced him and joined Grameen Koota. We took a loan from Grameen Koota and entered the auto leasing business. Now, we’re doing very well.” she says. Mubeena Taj and her family live in Tumkur. Her husband Outubuddin says having access to working capital has helped him expand the business. “When Grameen Koota began operations in our village 14 years ago, we did not even have a bank account,” he says.

“We didn’t have money to save because of the steep interest rates. Grameen Koota’s affordable income generation loan helped me establish my business. The supplementary loans gave us access to additional capital when we needed it, so we could expand the business and save for

our needs as well,” says Qutubuddin. Two years ago, they used Grameen Koota’s Grameen Niwas home improvement loan to add another floor to their house.

“We have rented the space to a tailoring shop,” says Mubeen sitting in their newly constructed home. “It supplements our income. Whenever we have needed help, Grameen Koota has stood by us,” she says gratefully. “It’s not just about money,” says her husband. “Grameen Koota has given us peace of mind.

## **2. CONCLUSION**

Microfinance provided by Credit access Grameen Ltd has been lauded by many, as it is a clear passage to end the cycle of poverty, aid the marginalized sections, decrease unemployment, and improve their earning power. In its long journey, **Credit Access Grameen** has got many awards and recognitions and most importantly has been adjudged as the winner in the Best NBFC category at one of India's most prestigious financial sector awards. The Company has expanded its footprint in five new states - Gujrat. Rajasthan. Uttar Pradesh. Bihar and Jharkhand. Post this expansion, the Company's business operations have expanded to 887 branches with 9,817 employees, spread across 210 districts in 13 states & 1 union territory. Its pan India presence set to realize its mission to become a preferred business partner of one crore low-income households lacking access to credit, by the year 2025.

## **3. REFERENCES**

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