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Microfinance-A Tool For Financial Inclusion On Koraga Women: A Study In Dakshina Kannada District

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Abstract: Microfinance emerges as a pivotal tool for promoting financial inclusion, offering financial services like credit access, savings, and insurance to marginalized communities. This research assesses the impact of microfinance on the financial inclusion and economic empowerment of Koraga women in the Dakshina Kannada district. The scope of the study is confined to Koraga women residing in Dakshina Kannada district. The sample size is 100 female respondents, selected using a simple random selection method. Primary data were collected through a well-structured, closed-ended questionnaire. The one-sample t-test was used to analyze the data and determine the significant impact of microfinance services on financial inclusion and economic empowerment. The findings proved that microfinance encourages Koraga women to save money, to access financial services, and to provide self-employment opportunities.

Keywords: Microfinance, Financial Inclusion, Koraga Women, Financial Services

I. INTRODUCTION

Financial inclusion is the “process of ensuring access to financial services and timely, adequate credit where needed by vulnerable groups such as weaker sections and low-income communities at an affordable cost” (Rangarajan, 2008).

Finance plays a crucial role in spreading economic opportunity and poverty alleviation, allowing individuals to utilize their potential and gain access to greater opportunities. A balanced combination of financial services, such as credit, savings, and insurance, serves as a protection for individuals from unexpected financial shocks (DR. C. KRISHNAN, 2011). Over the years, finance has been a key force in economic growth and development, especially through effective resource allocation and financial management techniques, and has consequently spurred entrepreneurship, innovation, and productivity.

1.1 Overview

The Koraga community, an aboriginal tribal group residing in Karnataka, is predominantly found in the Dakshina Kannada and Udupi districts. The community also extended to the locations of nearby districts like Kodagu, Shimoga, and Uttara Kannada (Lobo et al., 2023). Among them, Koraga women face heightened socio-economic marginalization, making them one of the most vulnerable sections of the Particularly Vulnerable Tribal Group (PVTG) in the state. Limited access to the education, financial resources, and sustainable livelihoods has further restricted their economic empowerment (Pujar et al., 2017). According to the

2011 Census, the Koraga population of Karnataka was 14,794, with large number involved in basket weaving as a primary source of income, but currently most of them are engaged in daily wage labour (Jose et al., 2022). For Koraga women, financial constraints pose additional challenges, limiting their ability to achieve self-sufficiency. Given these barriers, microfinance emerged as a remarkable tool for promoting financial inclusion, enabling Koraga women to access credit, savings, and entrepreneurial opportunities that can drive their socio-economic development.

1.2 Conceptual Framework

Microfinance, a widely accepted development tool, has been able to empower marginalized sections. It makes the economically disadvantaged group financially included. This enables them to upgrade their economic status by becoming self-employed and entrepreneurs (Manuel, 2024). Microfinance in India functions mainly through Self-Help Groups (SHGs), which are small, voluntary associations of people with common socio-economic backgrounds. The groups induce saving habits, offer mutual financial support, and ensure access to credit without going through the elaborate procedures of mainstream banking systems.

The Self-Help Group-Bank Linkage Programme (SBLP), launched by the National Bank for Agriculture and Rural Development (NABARD) in 1992, has played a crucial role in inducing financial inclusion. By facilitating the opening of savings accounts and access to credit for Self-Help Groups (SHGs), the programme has been successful in increasing financial access in rural areas substantially (Maurya, 2011). Banks lend to SHGs on group guarantee, which have shown relatively high repayment rates. The programme has increased women and marginal communities' involvement in the financial system, enabling them to invest in small businesses, agricultural activities, and other income-generating activities.

II. SELECTED LITERATURE REVIEW

Krishnan (2011) examined the role of microfinance in financial inclusion, poverty alleviation, and women empowerment, particularly in regions underserved by traditional banking. The study found that there is a strong correlation between microfinance and economic development.

Maurya (2011) in his research paper tries to examine the empowerment of women through microfinance. The study concludes that the success of financial inclusion depends on the teamwork of banks, government and social organizations.

Hassan Shihab and Ravindra Ramesh Patil (2020) examined the patterns and problems that Koraga tribes face in acquiring livelihood and work in the current situation. The study revealed that most of them lack land ownership and sustain traditional occupations. The Koraga youths heavily rely on nature for their livelihood, performing menial tasks like coolie, daily wages, and cleaning. Despite these activities, no significant changes in their economic conditions and social status have been observed.

Satsangi and Malhotra (2024) in their research article focused on the role of Indian women entrepreneurs in driving economic growth. It uses a system dynamics approach to analyze the positive and negative factors affecting women entrepreneurs. The study found microfinance alone does not automatically lead to women's empowerment.

III. STATEMENT OF THE PROBLEM

Microfinance has emerged as a powerful tool for financial inclusion, offering small-scale financial services such as credit, savings, and insurance to marginalized communities. For Koraga women in Dakshina Kannada, access to microfinance presents an opportunity for economic empowerment by enabling them to engage in income-generating activities and improve their financial stability. However, the extent to which microfinance initiatives have reached Koraga women and their impact on enhancing their economic conditions remain unclear. Challenges such as low financial literacy, limited decision-making power, low repayment capacity, social stigma, and institutional barriers may hinder the effectiveness of microfinance in addressing their financial needs. Addressing these challenges is crucial to ensure that microfinance serves as a transformative tool for the financial inclusion and empowerment of Koraga women.

IV. LEARNING OUTCOME

The purpose of this study is to investigate the contribution of microfinance in promoting financial inclusion among the Koraga women in Dakshina Kannada. It seeks to identify the existing gaps in accessing to microfinance services, the challenges faced by the women in utilizing these services, and the overall impact of microfinance on their socio-economic empowerment. By examining these factors, the study aims to provide insights that can help policymakers, financial institutions, and social organizations to create more effective ways to enhance financial inclusion and improve the economic well-being and self-sufficiency of Koraga women.

V. OBJECTIVES OF THE STUDY

The objectives of this paper stated as follows:

1. To assess the current financial inclusion status of the Koraga women in Dakshina Kannada
2. To explore the impact of microfinance services in promoting financial inclusion and economic empowerment of Koraga women in the district
3. To examine the challenges faced by Koraga women in accessing microfinance services

VI. RESEARCH METHODOLOGY

The study mainly focuses on the women of the Koraga community. The study used an evaluative research design. 100 respondents were selected randomly from nine taluks (Mangalore, Moodabidri, Mulki, Ullal, Bantwala, Belthangady, Puttur, Sullia, and Kadaba) of Dakshina Kannada district. Respondents were surveyed with the help of a well-structured questionnaire. The relevant secondary data has been collected from research papers, articles, and government reports. The collected data was coded and analyzed using Jamovi Software. The descriptive statistical tools such as frequency, percent, and mean scores were used to interpret the data. To measure the reliability of the questionnaire, the Cronbach's Alpha test was used, and the coefficient was 0.78, which demonstrated a very high degree of internal consistency of the instrument.

VII. HYPOTHESIS

- H01: Microfinance services have no impact on the financial inclusion of Koraga women
- H02: Microfinance services have no impact on the economic empowerment of Koraga women
- H03: Koraga Women do not face significant challenges in accessing microfinance services

VIII. DATA ANALYSIS AND RESULT

8.1 Results of descriptive Statistics of study variables

Table 1: Demographic Profile of the Respondents

Variable	Characteristics	Frequency	Percentage of respondents
Age	Below 25	2	2
	25-40	63	63
	40-55	20	20
	Above 55	15	15
	Total	100	
Marital Status	Married	54	54
	Unmarried	30	30
	Divorcee	1	1
	Widow	15	15
	Total	100	
Education Qualification	Uneducated	15	15
	Primary	24	24
	High School	33	33
	PUC	8	8
	Undergraduate	12	12
	Postgraduate	8	8
	Total	100	
Occupation	Government Employee	1	1
	Non-Government Employee	16	16
	Agriculture	4	4
	Coolie Workers	29	29
	Unemployed	50	50
	Total	100	
Monthly Income	Less than 10000	55	55
	10001-20000	38	38
	20001-30000	2	2
	30001-40000	4	4
	Above 40000	1	1
	Total	100	
Taluk	Mangalore	22	22
	Moodabidri	12	12
	Mulki	10	10
	Ullal	7	7
	Bantwal	15	15
	Belthangady	9	9
	Puttur	12	12
	Sullia	8	8
	Kadaba	5	5
	Total	100	

Source: Primary Data

Table-1 illustrates the demographic profile of respondents from the selected taluks in Dakshina Kannada District reveals significant socio-economic characteristics. The majority, 63 percent of the Koraga women, belong to the age group of 25-40 years, indicating a relatively young and working-age population, followed by those aged 40-55 years (20 percent). Out of these, 54 percent of the women were married, and 30 percent of the women were unmarried, which could include young adults and those focusing on careers or education. Most of the respondents (33 percent) have completed high school, followed by 24 percent with primary education, and 8 percent of the respondents have completed postgraduate studies, that shows limited higher education attainments. The highest percentage (50 percent) of the respondents were unemployed, it leads to economic challenges. In addition, 29 percent of the Koraga women working as daily wage laborer, only 1 percent of the women are working in the government sector. Monthly income data shows that the majority (55 percent) of the respondents earn less than 10,000 per month, indicating a prevalence of low-income households. 38 percent of the respondents earn between 10001 and 20000, reflecting lower to low-middle income. Mangalore has the highest respondents (22 percent), followed by Bantwal (15 percent).

8.2 Impact of Microfinance Services on the Financial Inclusion

Table 2: One Sample T-Test Results

One sample T-test					
Variables		Statistic	df	p	Mean difference
Save Money	Student's t	27.4	99.0	<.001	3.03
Access Credit	Student's t	27.9	99.0	<.001	3.25
Financially Secured	Student's t	22.9	99.0	<.001	2.75
Financial literacy	Student's t	30.4	99.0	<.001	3.11
Access financial services	Student's t	24.6	99.0	<.001	2.91
Note: $H_a \mu \neq 0$					

Source: Primary Data

On the above table, one sample t-test was applied to examine whether the mean of a single sample for five variables differs significantly from zero. Results of the analysis point out that the p-value of the variables, 'Save Money' (mean difference=3.03, $t=27.4$, $p=.001$), indicates a significant difference from the hypothesized mean. The mean difference suggests that respondents have to improve in saving behavior. 'Access to Credit' (mean difference=3.25, $t=27.9$, $p=.001$) confirms a strong positive impact. The mean difference indicates that microfinance has significantly helped individuals to obtain loans and credit. The variable 'Financially Secured' (mean difference=2.75, $t=22.9$, $p=.001$) shows improvement in respondents' financial security. The mean difference indicates that long-term financial stability still needs more support. 'Financial Literacy' (mean difference=3.11, $t=30.4$, $p=.001$), indicating high impact. The mean difference shows that microfinance services have increased financial awareness and knowledge. 'Access to Financial Services' (mean difference=2.91, $t=24.6$, $p=.001$), indicating improved accessibility to financial services. The mean difference confirms the majority of Koraga women are using formal banking and financial services. All five variables have a p-value <0.01. Therefore, for the mentioned variables, the null hypothesis is rejected, and it is concluded that there is an impact of microfinance services on the financial inclusion of Koraga women.

8.3 Impact of Microfinance on the Economic Empowerment

Table 3: One Sample T-test Results

One sample T-test					
Variables		Statistic	Df	p	Mean difference
Influence to start your own business	Student's t	27.4	99.0	<.001	2.74
control over financial decisions	Student's t	31.2	99.0	<.001	3.16
Income Increased	Student's t	33.2	99.0	<.001	2.52
children's education	Student's t	29.1	99.0	<.001	3.34
More opportunities	Student's t	30.4	99.0	<.001	3.23

Note: $H_a \mu \neq 0$

Source: Primary Data

On the above table, one sample t-test was applied to examine whether microfinance has significantly influenced various aspects of economic empowerment. Results of the analysis point out that the p-value of the variables such as 'Influence to start your own business' (mean difference=2.74, $t=27.4$, $p=.001$) confirms a significant increase in business startup. The mean difference indicates microfinance has encouraged entrepreneurship. The variable 'Control over financial decisions' (mean difference=3.16, $t=31.2$, $p=.001$) indicates strong improvement in financial independence. The mean difference states that the women have greater financial autonomy. The variable of 'Income Increased' (mean difference=2.52, $t=33.2$, $p=.001$) indicates that there is income growth. The mean difference is low. This suggests income improvement is still gradual. 'Children's education' (mean difference=3.34, $t=29.1$, $p=.001$) indicates the highest impact. The mean difference suggests microfinance has led to better investment in children's education. 'More opportunities' (mean difference=3.23, $t=30.4$, $p=.001$) indicates significant expansion in economic and social opportunities. The mean difference enables better employment and financial growth. All these variables have $p\text{-value}<0.01$. Therefore, for the mentioned variables, the null hypotheses may be rejected, and it is concluded that there is a significant impact of microfinance services on the economic empowerment of Koraga women.

8.4 Challenges in accessing Microfinance Services

Table 4: One sample T-test Results

One sample T-test					
Variables		Statistic	Df	p	Mean difference
Loan application process	Student's t	22.2	99.0	<.001	2.95
Necessary documents	Student's t	24.3	99.0	<.001	2.90
High interest rates	Student's t	36.3	99.0	<.001	3.74
Located too far	Student's t	49.3	99.0	<.001	4.02
Repayment Challenges	Student's t	36.0	99.0	<.001	4.06
Enough Knowledge	Student's t	20.8	99.0	<.001	2.99
Cultural or Social Barriers	Student's t	23.7	99.0	<.001	2.88

Note: $H_a \mu \neq 0$

Source: Primary Data

On the above table, one sample t-test was applied to assess whether microfinance challenges are significantly different from the hypothesized mean, which consists of seven variables. Results of the analysis point out that the p-value of the variables regarding the 'loan application process' (mean difference=2.95, $t=22.2$, $p=.001$) indicates that there is a significant barrier. The mean difference states administrative obstacles that prevent easy loan access. 'Necessary documents' (mean difference=2.90, $t=24.3$, $p=.001$) indicates document requirements hinder accessibility. The variable 'High Interest Rates' (mean difference=3.74, $t=36.3$, $p=.001$) indicates significant affordability issues. 'Located too far' (mean difference=4.02, $t=49.3$, $p=.001$)

indicates the most significant barrier. The mean difference shows the majority of beneficiaries struggle due to a lack of nearby microfinance services. The variable 'Repayment Challenges' (mean difference=4.06, $t=36.0$, $p=.001$) indicates difficulties in repaying loans. The mean difference indicates difficulties in loan repayment due to income instability. 'Enough Knowledge' (mean difference=2.99, $t=20.8$, $p=.001$) affects effective microfinance utilization. The mean difference suggests financial literacy gaps that need to be addressed. 'Cultural or Social Barriers' (mean difference=2.88, $t=23.7$, $p=.001$) indicates a limit in financial inclusion. The mean difference states social norms limit women's financial independence. These variables are less than the p -value 0.01. Therefore, for the mentioned variables, the null hypotheses are rejected, and it is concluded that Koraga women face challenges while accessing microfinance services.

IX. FINDINGS

The analysis of the first hypothesis that "Microfinance services have no impact on the financial inclusion of Koraga women" is rejected. One sample t -test demonstrates that there is a significant impact of microfinance services on financial inclusion in terms of saving money, accessing credit, being financially secure, financial literacy, and accessing financial services.

Analysis of the second hypothesis, "Microfinance services have no impact on the economic empowerment of Koraga women", suggests there is a significant impact of microfinance services on the economic empowerment of Koraga women in terms of influence to start their own business, control over financial decisions, increased income, children's education, and more opportunities. Hence, the null hypothesis is said to be rejected.

Lastly, the analysis of the third hypothesis, "Koraga Women do not face significant challenges in accessing microfinance services", reveals that there are problems in accessing microfinance services in terms of the loan application process, necessary documents, high interest rates, being located too far, repayment challenges, enough knowledge, and cultural or social barriers.

X. SUGGESTIONS

1. Banks can make their documentation and approval procedure more efficient in order to improve access for low-literacy women. Additionally, local field staff or microfinance agents need to be engaged to assist Koraga women in filling out forms and preparing documentation needed.
2. By holding periodic training sessions and workshops on savings, budgeting and loan management in local languages, using visual aids and real-life examples to improve understanding and retention among uneducated or semi-literate women.
3. Implement tailored repayment periods according to the borrower's income pattern and offer grace periods and repayment facilitation in case of financial difficulties.
4. Integrate microfinance services with programs for entrepreneurship promotion and development to boost income generation and propel business expansion, complemented by vocational training in fields such as tailoring, food processing, handicrafts, or computer skills.
5. By holding few personality and skill development programmes to empower the women of Koraga Community, in coordination with Koraga Community organizations the knowledge, cultural and social barriers need to be erased out.
6. Announce some financial inclusion schemes for tribal women by initiating government schemes such as National Rural Livelihood Mission (NRLM), Micro Units Development and Refinance Agency (MUDRA) or Stand-Up India, and offer incentives to microfinance institutions to expand their coverage in tribal-dominated areas.

XI. CONCLUSION

In the current study, we examined the role of microfinance in promoting financial inclusion among women of the Koraga community. Study hypothesis proved that there is a significant impact of microfinance services on financial inclusion and economic empowerment of Koraga women. Therefore, to enhance the financial inclusion of Koraga women, it is essential to provide an awareness program on financial services. By facilitating saving habits and encouraging traditional occupations, it can also contribute to enhancing the economic empowerment of the community.

The study “Microfinance- A tool for Financial Inclusion of Koraga Women in Dakshina Kannada” found that microfinance motivates Koraga women to save money, access financial services, and offer self-employment opportunities and increase control over financial decisions. Further collaborating efforts of government agencies, financial institutions, and non-governmental organizations are necessary to establish an inclusive financial system.

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