

Role of Microfinance in Women Empowerment in Rural Bengal: A Sociological Study on Four SHGs of Bankura District

Dipika Saha

Guest Lecturer, Department of Sociology, Dr. Gour Mohan Roy College, Monteswar,
Purba Bardhaman, West Bengal, 713145

Received: June 08, 2018

Accepted: July 24, 2018

ABSTRACT

The word microfinance is related with the term microcredit which means providing small loan to vary poor families. Today microfinance institutions have played an important role in ameliorating the condition of the poor and it is recognized all over India. It is also argued that through microfinance support women of rural India get benefited and empowered. In this study I have taken four SHGs to analyses the role of microfinance in women empowerment. Mixed research methodology has been followed in this research to understand the activities and development of the four SHGs under study. Out of four SHGs two have been formed by panchayat and other two are formed by cooperative bank. It is observed from the study that marginal section of people especially women of rural Bengal are benefited with the help of SHG although it is true that SHGs under cooperative model are more successful in this regard.

Keywords: SHG, Women empowerment, Microfinance, Cooperative model, NGO, Microcredit.

Introduction:

The problem of poverty is perennial in Indian society even though there were several attempts in the past to uplift the socio-economic conditions of a large number of poor. Micro-finance is definitely a way out to make this situation better. Because Self Help Groups (SHGs) have the potential to meet the present needs of the target group and sustain the process of development. The World Micro-Credit Summit in its declaration and plan of action stressed on the following four core themes (Burra 2006: 34-35):

1. Reach 1.2 billion people who are in absolute poverty and tap 100 million poorest people out of it across the world;
2. Empowerment of women in terms of income by accepting the fact that it would be beneficial for the whole family;
3. Development of 'financially self-sufficient institutions' to improve the conditions and efficiency of the members through micro-credit;
4. Ensuring a positive impact on the lives of the client and their families.

The entry of micro-credit model of development typically stresses on the availability of formal credit to the poorest of the poor through certain mechanisms. It is a fact that our poor have to depend on the informal credit system operated by traders, merchants, contractors, commission agents and moneylenders for their sustenance. As the informal credit system is highly exploitative, availability of formal credit through cooperatives, public sector commercial banks (CBs), Regional Rural Banks (RRBs) and private sector banks is an important alternative to develop them. It is in this context that we need to review the achievements of the cooperative model of empowering the poor and particularly women.

Historically speaking, the cooperative movement in India has attempted to empower the weaker sections of the society. According to Indian Co-operative Credit Societies Act 1904, the main aim of the movement was the emancipation of the weak (Borkar & Ambewadikar 1989: 92). People belonging to weaker sections like Scheduled Caste, Scheduled Tribes, agricultural labourers, landless labourers, traditional artisans and tenants need special attention.

In West Bengal SHGs formed and led by Cooperatives have played a significant role in improving the economic and social conditions of the beneficiaries. This paper seeks to analyze the relative importance of Cooperatives in empowering women. As such a SHG, being a special type of socio-economic bond, requires cooperation for its operation and sustenance. According to M. T. Herrick, 'Cooperation is the act of poor persons voluntarily unite for utilizing reciprocally their own forces, resources or both under their mutual management, to their common profit or loss' (Doshi & Jain 2002: 295). Let me now examine various facets of SHGs in West Bengal to explore the relative success of Cooperative model.

Concept of Self Help Group:

SHG is a special scheme of NABARD (National Bank for Agriculture and Rural Development) introduced in 1992 under a pilot project to uplift rural poor through strengthening resource mobilization capacity and

savings habit creation. It is relevant here to note that in 24th July 1991 RBI issued an order to all nationalized banks for creation of SHGs in a view to reach formal banking service to the general poor people. NABARD defined it as ‘voluntary organization of people operating within a framework of rules and regulations for common economic and social objectives with an approach of participatory decision making and sharing of benefits in an equitable manner’ (Circular No.DPD/104 dated 26.02.92 of NABARD). From this definition, we can visualize the following criteria of SHG:

1. Voluntary nature of the organization;
2. Participatory decision making and equity approach; and
3. Common economic and social goal.

The other important characteristics of SHG are also significant for our discussion. They are as follows:

1. All members of the organization share equal status;
2. Members elect their leader in a democratic process;
3. Every organization have its own rules and regulation procedure which may be in written form;
4. Every member including the leader is under the rules and regulations of the organization;
5. It may be formal/registered or informal/unregistered organization.

It appears that SHG is a type of *voluntary organization* formed to achieve economic as well as social objective through savings creation of the poor people, who can't generally mobilize their resources and have no habits of savings, in a systematic procedure with participatory and equity approach.

Methodology of the Study: Both qualitative and quantitative research methods have been used in this research for better understanding of the subject. In this research four SHGs have been selected through purposive sampling method from Indus block of bankura district of which two are cooperative led SHG selected from Akui I Gram Panchyat and other two are formed by Panchyat selected from Akui II Gram Panchayet. These four SHGs are formed by women members only. There are altogether 69 members in the four SHG under study but at present there are 60 members in the four SHGs because 9 members have been left from the group. Purposive sampling method is adopted in this research because in this kind of small micro research women self help groups are needed for better understanding of women empowerment which is the main thrust of research. Survey method have been applied in this research for collecting data about the four SHGs under study. All the 69 members of the four SHGs are interviewed and interview schedule techniques are used. Focused Group Discussion, In-depth interview, and case study methods are also applied for collecting qualitative data.

Review of Literature: The dominant model for Micro-Finance (MF) in India is SHG-Bank Linkage Programme launched by NABARD in 1992. The number of credit linked SHGs increased from 6,20,109 in 2005-06 to 6,86,408 in 2006-07 (NABARD, 2006-07). The cumulative number of credit linked SHGs are 29,24,973 in 2006-07 which were only 2,63,825 during 2000-01. The NABARD has acknowledged that the phenomenal growth of SHGs in the last decade has enabled 409.5 lakh poor households to gain access to MF with a registered growth of 24.2% during 2006-07 (NABARD, Annual Report 2006-07, 2006-07). During 2007-08, 552992 new SHGs were credit linked and Rs. 2,541.98 crore bank loans were disbursed. As on 31st March 2008, the cumulative number of credit linked SHGs are 34,77,965. The number of SHGs receiving repeat loans to the tune of Rs. 1685.60 crore was 1,86,883. It has covered more than 5.80 crore households, making it the largest Micro-Finance programme in the world (NABARD, Annual Report 07-08, 2008). It is worth mentioning here that as on 31st March 2007, 41.60 lakh SHGs have maintained savings of Rs. 3512.71 crore and during the same period Rs. 6570.39 crore was disbursed to 11.05 lakh SHGs. As per the record of 2016-17 total number of SHGs linked with the bank is 85.77 lakh with financial allocation on Rs. 16114.23 crore within which 73.22 lakhs are women SHGs and 37.44 lakhs are under NRLM/SGSY and 5.45 lakhs are under NULM/SJSRY (NABARD, Status of Microfinance in India, 2017).

Objective of the study: The main objective of this study is to find out the real story of SHG in economic, social and political development of the women. There are some other objectives of this study which can be pointed out in the following manner.

- a. Whether cooperative linked SHGs are more successful in comparison to panchyat led SHGs.
- b. Whether SHGs are able to provide social justice to marginal section of people, especially women.
- c. Whether it has able to stop money lending system in rural Bengal;
- d. Find out the role of SHGs in mobilization of small resources, economic development of the family, economic empowerment of the women, social uplift of the poorer section of the society and women.

Data interpretation: It is observed in this study that 92 percent women of four SHGs are married and aged between 26 to 48 years. Study reveals that these women have come from poor families and join the group to earn something and make their own identity. I have selected two women administered SHGs from each GP Akui I and II GP to fulfill the purpose of my study. It is observed from the study that maximum of women members of these SHGs are illiterate, only 20 percent are literate of which 10 percent have secondary level education. Out of 60 families 89 percent families are engaged either in daily labourers or small farmers and 11 percent families are engaged in mason work. Due to this family background, economic backwardness and illiteracy female members of this family do not enjoy dignity in their life. But after joining the group they have benefited and empowered economically.

Table 1: Socio-economic data of four SHGs of 2017-18

Name of the Group	Formed By	No. of Members	Training	Loan	Health insurance	Toilet
Mahamaya SGSY Group	Panchyat	16	Tailoring and Beautician	2 Times	Yes (All members)	4 members have toilet
Kalimata SGSY Group	Panchyat	14	Tailoring and Beautician	2 times	Yes (All members)	7 members have toilet
Hemangini Group	Cooperative Bank	15	Tailoring, Beautician, Pickle making, Incense stick making, Bamboo basket making and many others	5 times	Yes (All members)	6 members have toilet
Jhansir Rani Group	Cooperative Bank	15	Tailoring, Beautician, Pickle making, Incense stick making, Bamboo basket making and many others	6 times	Yes (All members)	7 members have toilet

Source: Primary data collected from field

It is evident from table 1 that all members of the group have got health insurance benefit because of their membership in the group and got various kinds of training which is useful for economic development of the women. It reveals from in-depth interview that before joining the group these women members have enjoyed very minimum prestige in the family from economic point of view but today they have acquired dignity and able to contribute in the family also. Being trained in various activities now they become self sufficient and able to earn money outside the preview of group also. They also have obtained health insurance as they are member of SHGs which have given them huge medical support. From table 1 it is observed that each group has got at least two times loan from the bank which has made valuable support for the development of the family belongs to BLP category. Government also provides various kinds of project for economic support of the poor families through Self Help Group. It is also informed at the time of focused group discussion that women members of the family are today self dependent as they have acquired skill which has given them a separate social identity and social status. Apart from this discussion it is also informed and agreed by the members of the group that cooperative bank helps much in the process of self dependency through various kinds of training programme. Overall support is also better in cooperative bank in comparison to panchyat. One thing is important to note that all the families of SHGs under study have toilet facilities but they have participate awareness program of the panchayat and are willing to build toilet as early as possible.

Major findings of the research:

1. Women members of the family are engaged in economic activity and able to support their family economically.

2. SHGs have given a set back to the traditional system of money lending through the system of loan from bank.
3. It has provided women section a social security as well as economic support which are very important because women are the most vulnerable section of the society.
4. It has helped rural women to mobilize small resources and develop their potentiality for economic strengthen of the weaker section of the society.
5. Women are able to engage themselves in various economic activities and it is a positive move from the perspective of development.
6. Women have got their social status.
7. Rural families have come under insurance coverage.
8. It has developed savings habit in rural families.

Conclusion:

From the above discussion it appears that there are different models of SHG formations even though they functions are more or less alike. Cooperative model is one of the best models in respect of formation and nourishment although it is not without limitations. SHGs as micro level initiatives against the prevailing handicaps in our rural economy, works as a scheme to breakdown the vicious cycle of poverty through the development of self-potentials. Cooperative model has played a vital role in this respect because with the active intervention of cooperative societies, SHG members, who constitute the bulk of rural poor, have come out from the brutal nexus of money lenders and land lords and able to contribute in the economic development of the society and their own dignity in the family as well.

Reference:

1. Bandopadhyay, A. (2007). *Swanirbharatar Sandhane*. Burdwan: Sadhana Press.
2. Borkar, V. V., & Ambewadikar, R. M. (2006). *Micro Credit, Poverty and Empowerment*. New Delhi: Sage Publication.
3. Burra, N., Ranadiv, j. D., & Murthy, R. K. (2006). *Micro Credit Poverty and Empowerment*. New Delhi: Sage Publications.
4. Doshi, S. L., & Jain, P. C. (2004). *Rural Sociology*. Jaipur: Rawat Publications.
5. Murthy, D., & Ranadiv. (2006). Linking the Triad. In N. Burra, *Micro Credit Poverty and Empowerment* (pp. 31 - 58). New Delhi: Sage Publications.
6. NABARD. (2008). *Annual Report 07-08*. Mumbai: NABARD.
7. NABARD. (2006-07). *Annual Report 2006-07*. Mumbai: NABARD.
8. NABARD. (2017). *Status of Microfinance in India*. Mumbai: Sri G.R. Chintala, NABARD.