

Empowerment of Women Through Micro Finance: A Case Study in Titabar Development Block, Assam

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ABSTRACT

Women constitute almost half of the human race. Progress and development without women will be inadequate. The financial requirement is one of the basic needs to empowering the woman. Jawaharlal Nehru said, “*You can tell the condition of a nation by looking the status of women*”. Women are the most disadvantageous group amongst the poor, for whom financial inclusion by banking access is still not a reality in some remote areas of the country. Micro finance is an economic development tool whose objective is to assist the poor to work their way out of poverty. It covers the range of services such as saving, insurance, money transfer, counselling etc (RBI). On the other hand women empowerment is a multidimensional process which enables women to realize their identity and power in all spheres of life. This means that they have to understand the cause of the existing inequality of women in all sectors such as economic, political, legal and educational and to take initiative to change their status. Self-help groups are the way to pave a better opportunity for women and expand their success horizons.

Keywords: *Empowerment, Self Help Group (SHG), Microfinance.*

INTRODUCTION

Empowerment of women through microfinance has been recognized as a modern tool for poverty alleviation and rural development since 1970s. Microfinance to the rural women who have already formed SHGs is effective tool in reducing poverty, empowerment and creating awareness for the development of the nation.

MK Gandhi the father of the nation by emphasising the need of rural development said that “India lives in villages; if village perishes then India will perish. Then there will be no longer India.” To raise the living standard of the rural population have to adopt large number of development programmes. In India rural population constitute 77 per cent of the female population. They share abundant responsibility and perform a wide spectrum of duties in running the family, maintaining the household activities like rearing, feeding, attending to farm labour, trading domestic animals, even then suffer from being both economically and socially invisible. [1] So, to recover the depth of poverty of the rural women and for the improvement of the existing condition of them financial inclusion by banking accesses may be one alternative. Micro finance in this regard is considered as an important tool for poverty alleviation and improvement of socio economic condition of the poor people living in the rural areas. Self Help Group is the strategy through which the rural women may fulfil their financial requirement and perform their various income generating activities. [2]

The concept of Micro Finance was evolved in 18th centuries with the publication of Lysender Spoones on benefits from small credit. The modern use of Micro Finance has roots in 1970’s when Dr. Muhammed Yunus started Grameen Bank in Bangladesh. [3] Following Muhammed Yunus, in our country Micro Finance serve as a tool for providing financial services to low income population which does not have accesses to the mainstream financial services.

India's microfinance sector had surged about 30 percent in the fiscal FY20 with loan outstanding reaching to Rs 2.32 lakh crores before Covid-19 and lockdown started making its impact. Out of this, gross loan portfolio of NBFC-MFIs stood at Rs 74,371 crores, reflecting a 31 per cent raise, the Microfinance Institutions Network (MFIN) said. NBFC-MFIs have a network of 14,275 branches between them.

Banks hold about the largest share of micro-credit with total loan outstanding of Rs 92,281 crores, which is about 40 percent of the total portfolio. NBFC-MFIs are the second largest provider with 32 percent share. Small finance banks

with Rs 40,556 crores cumulative portfolios have 17.5 per cent share with the balance remaining with other NBFCs and small MFIs. [4]

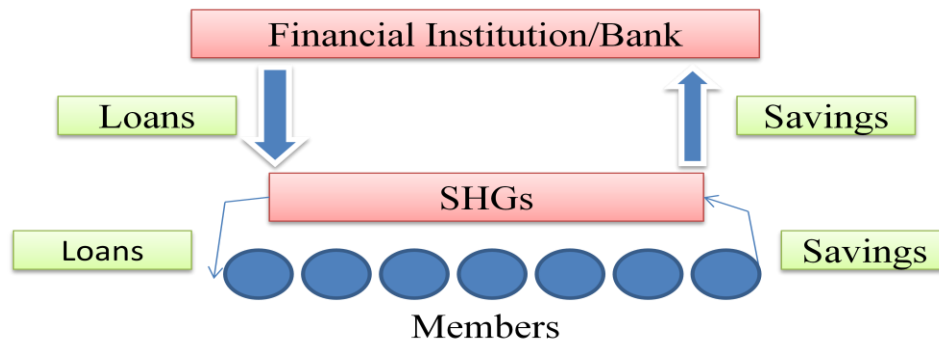


Fig 1: shows the streams of Micro Finance in India.

The Concept of woman empowerment was introduced at the International Women Conference held at Nairobi in 1985. Here the woman empowerment was defined as, redistribution of social power and control of resources in favour of women. This definition implies two things- giving social power equally to men and women and control of economic resources of the country in favour of women for their development. [5]

Functions of Self Help Groups:

- They try to build the functional capacity of poor and marginalised sections of society in the domain of employment and income-generating activities.
- They offer collateral-free loans to sections of people that generally find it hard to get loans from banks.
- They also resolve conflicts via mutual discussions and collective leadership.
- They are an important source of microfinance services to the poor.
- They act as a go-through for formal banking services to reach the poor, especially in rural areas.
- They also encourage the habit of saving among the poor.

Table 1.01: Highlights of the SHGs Bank Linkage Program of the Nation 2020-2021.

Sl. Nos.	Particulars	Total	
		Physical (No. in lakhs)	Financial (Rs/in Crores)
1	Total number of SHGs saving linked with banks	112.23	32686.08
(i)	Out of total SHGs - exclusive Women SHGs	97.25	32686.08
(ii)	Out of total SHGs- under NRLM/SGSY	64.78	19353.70
(iii)	Out of total SHGs -under NULM/SJSRY	5.29	1954.09
2	Total number of SHGs credit linked during the year 2020-21	28.87	58070.68
(i)	Out of total SHGs - exclusive Women SHGs	25.90	54423.13
(ii)	Out of total SHGs- under NRLM/SGSY	15.84	29643.04
(iii)	Out of total SHGs -under NULM/SJSRY	1.13	2112.04
3	Total number of SHGs having loans outstanding as on 31 March 2021	57.80	103289.71
(i)	Out of total SHGs - exclusive Women SHGs	53.11	96596.60
(ii)	Out of total SHGs- under NRLM/SGSY	33.78	57336.62
(iii)	Out of total SHGs -under NULM/SJSRY	2.23	4056.45
4	Average loan amount outstanding/SHG as on 31 March 2021	-	178694.37
5	Average loan amount disbursed /SHG during 2020-21	-	201117.96
6	Estimated number of families covered up to 31March 2021	1388	-

Source: Status of Micro Finance in India NABARD 2020-2021.

Table 2: Progress under Microfinance in North Eastern Region Bank Loans disbursed during the year 2020-21 (Amt. Rs. lakh)

Sl No.	North Eastern Region	Commercial Banks		Regional Rural Banks		Cooperative Banks		Total	
		No. of SHGs	Loan Amount	No. of SHGs	Loan Amount	No. of SHGs	Loan Amount	No. of SHGs	Loan Amount
1	Arunachal	175	174.87	144	154.72	-	-	319	329.59

2	Assam	26982	32753.84	26761	49456.47	-	-	53743	82210.31
3	Manipur	164	222.78	332	514.33	144	200.40	640	937.51
4	Meghalaya	218	266.25	2520	4827.33	324	224.80	3062	5318.38
5	Mizoram	95	152.04	1969	3276.71	140	168.70	2204	3597.45
6	Nagaland	456	561.99	-	-	-	-	456	561.99
7	Sikkim	419	546.91	-	-	22	34.80	441	581.71
8	Tripura	906	972.93	5238	7659.83	1107	1480.95	7251	10113.71
	Total	29415	35651.61	36964	65889.39	1137	2109.65	68116	103650.65

Source: Status of Micro Finance in India NABARD 2020-2021.

REVIEW OF LITERATURE

Swapna K in the article (2017) “*Role of Microfinance in Women Empowerment*” reported that Microfinance Institutions (MFIs) are financial institutions that offer financial and non-financial products and services to the poor active that would otherwise not have access to the services from the formal financial institutions. There are so many registered financial institutions in India out of which one few hundred are micro-financial institutions in Karnataka. Women entrepreneur Programme is one of the micro-finance institutions operating in the place. It provides financial products and services to the needy especially women. [6]

Loomba Shuchi in his article 2013 “*Role of Microfinance in Women Empowerment in India*” reported Micro finance through Self Help Group (SHG) has been recognized internationally as the modern tool to combat poverty and for rural development. Micro finance and SHGs are effective in reducing poverty, empowering women and creating awareness which finally results in sustainable development of the nation. [7]

Barman Prateeksha in the article (2015) “*Role of SHGs in Rural Development of Assam- A Study of Some SHGs of Kamrup District of Assam*” viewed that A Self Help Group (SHG) is a village based committee usually composed of 10-20 members” mainly poor people having homogeneous socio economic background. Members are voluntarily coming together to save the regular sums of money and they mutually agreed to contribute the common fund for meeting their emergency needs. They have been able to effectively recycle the resources generated among the members for meeting the productive and emergent credit needs of members of the group. A SHG is defined as a self governed, peer controlled information group of people with similar socio-economic background and having a desire to collectively perform common purpose. [8]

Das Pradip & Nupur Kalita in their article (2012) “*Socio-Economic Status of Women and Role of SHGs Kamrup Assam*” reported SHGs bears the strong possibility of social empowerment of rural women. SHGs provide a platform for the women to come together, exchange their experience and ideas, enhance the cohesiveness among the members, develop and understand their problem and also find out the ways to tackle these problems and fulfil their needs. [9]

Area of the study:

Titabar is situated within the district of Jorhat Assam. It is located at 26.60 N latitude and 94.20 E longitudes and covering land by 243641 hectares and population of about 110224 lakhs according to 2011 census. [10] The Titabar Development Block is selected for the study because there are considerable numbers of women SHGs in the block area and it is the place where first micro private financial service Ltd. (Bandhan Financial Service Ltd.) was established in the year 2015 by encouraging the activity of women SHGs. In the year 2017 Ujjivan Small Finance Bank Ltd. was established. The main function of these private banks are Micro Banking (relates to fulfil loan requirement of the women SHGs) and Branch Banking (Branch Banking is similar to other Commercial or Nationalized bank activities i.e. saving, deposit etc).

Objective of the Study:

The study based on the following objectives.

- To examine the performance of banking and micro finance institutions in the block area.
- To study about the impact of micro finance in generating income and savings of the respondents.
- To suggest policy implication and conclusion.

Hypothesis:

The study based on the following hypothesis.

- Bank and micro financial service institutions boost up saving and income of the rural women.

Methodology:

The study is basically based on primary data, collected by a set of questionnaire and some secondary data also used according to need. Simple percentages, pie diagram, paired t test with aid of SPSS of version 16 has been used to reach the objectives.

Sampling Designed:

Multistage stratified random sampling technique has been used to collect relevant information from the respondents. Equal 5 nos. of sample randomly selected from 6 nos. of women SHGs randomly selected earlier which comprises total sample 30 for the study.

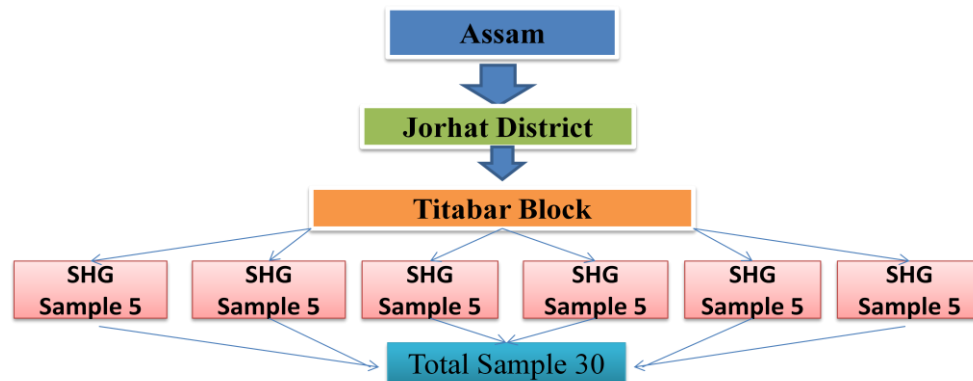


Fig 1.02: Sampling Designed
(State/District/Block Purposive, SHGs Random)

ANALYSIS OF DATA

Table 3: Profile of the Study.

Sl. Nos.	No of Respondent	Per cent
1. Age Groups	-	-
(i) Below 30 years	6	20.00
(ii) 30—40 years	14	46.67
(iii) 40—50 years	10	33.33
2. Family Size	-	-
(i) Below 5 Members	16	53.34
(ii) 5—10 Members	14	46.66
3. Educational Qualification	-	-
(i) Illiterate	-	-
(ii) Up to HSLC	09	30.00
(iii) HSSLC	15	50.00
(iv) Graduate & above	6	20.00
4. Head of Family	-	-
(i) Husband	8	26.67
(ii) Other Members	2	6.67
(iii) Women member herself	20	66.66

Source: Primary

Table 1.03 reveals that the age group of SHGs member majority 46.67 per cent from age group 30-40 years 33.33 per cent from age group 40-50 years and least 20.00 per cent from age group below 30 years. 53.34 per cent family size is less than 5 members and 46.66 per cent family size is 5-10 members. Majority 50.00 per cent members qualification is HSSLC followed by 30.00 per cent below HSLC and 20.00 per cent graduate and above. Table reveals majority 66.66 per cent take the responsibility as head of family in all family matters followed by 26.67 per cent from husband and 6.67 per cent from other members.

Performance of Bank and Micro Finance Organization:

It is observed that mainly three types of fund delivery agencies are functioning in the study area. The respondents are avail credit of Rs 10000/-120000/ from Nationalized Bank i.e. State Bank, United Bank of India, UCO Bank, Union Bank etc. They are benefitted from Regional Rural Bank i.e. Assam Grameen Bikash Bank and Private Micro Finance Institutions i.e. Bandhan Financial Service Limited (BFSL) and Ujjivan Small Finance Bank. The performance of these fund delivery agencies are shown in table 1.04.

Table 1.04: Performance of Bank and Micro Finance Organization.

Fund Delivery Agencies	Sample Avail Credit	Per cent Position	Rate of Interest (%)
Nationalized Bank	6	20.00	9.00-10.00

Regional Rural Bank	8	26.66	9.50 10.50
Micro Finance Service Institution	16	53.34	18.00-19.90
Total	30	100.00	

Source: Primary.

Table 1.04 reveals that the Micro Finance Service Institution is functioning well in the study area. 53.34 per cent of women borrowers are benefitted by micro credit from Bandhan Financial Service Limited and Ujjivan Small Finance Bank followed by 20.00 per cent of credit from Nationalized Banks and 26.66 per cent from Regional Rural Bank. The table reveals that the respondents prefer doorstep service rather than they personally go to the bank. The official person and the agents of Micro Finance Service Institution frequently come to the remote areas and provide credit to the borrowers with zero liabilities and minimum documentation. On the other hand, lack of official person, strict formal procedure and documentation the Nationalized Banks and Regional Rural Banks are unable to fulfil the credit requirement and other services of the rural women though their rate of interest is quite less compared to Micro Finance Service Institution.

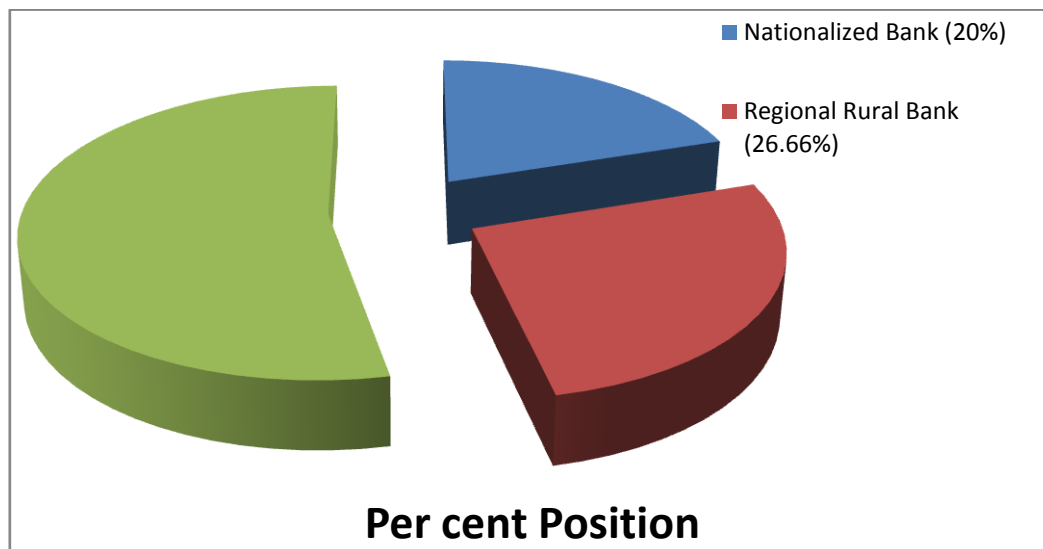


Fig 1.03: Performance of Bank and Micro Finance Organization.

Impact of Micro Finance on Income and Saving:

The women respondents are involved in number of income generating activities after availing credit and support from Bank and Micro Finance Service Institutions i.e. weaving, sweet and snakes, poultry piggery, diary, small business etc. Some of them expand their pervious business after availing credit, and thereby able to increase their level of income and savings. Table 1.05 and 1.06 shows the impact of micro finance on monthly income before and after availing credit.

Table 5: Impact of Micro Finance on Income.

Income	Mean	N	Std. Deviation	Std. Error Mean
Before avail Credit	4.5133	30	2548.79733	465.34460
After avail Credit	9.5767	30	4697.81191	857.69919

Table 6:

Mean	Std. Deviation	Std. Error Mean	t	df	Sig
-5.063	2550.65689	465.68411	-10.873	29	0.00

From the Paired 't' statistics of table 1.05 and 1.06 shows that $t = -10.873$ and p value is 0.00, less than 0.05 ($0 < 0.05$) since the hypothesis is rejected and the mean income is significantly higher after availing credit and there is strong evidence that micro finance increase the level of income of the respondents.

Table 7: Impact of Micro Finance on Savings.

Savings	Mean	N	Std. Deviation	Std. Error Mean
Before avail Credit	1.5577	30	962.84307	175.79029
After avail Credit	3.6953	30	1878.32231	342.93317

Table 8:

Mean	Std. Deviation	Std. Error Mean	t	df	Sig
-2.137	1196.74467	218.49468	-9.784	29	0.00

From the Paired 't' statistics of table 1.07 and 1.08 shows that $t = -9.784$ and p value is 0.00, less than 0.05 ($0 < 0.05$) since the hypothesis is rejected and the mean savings is significantly higher after availing credit and there is strong evidence that micro finance increases the level of savings of the respondents.

Table 9: Overall Impact of Micro Finance on Income and Savings:

Impact of Micro Finance	Before Avail Credit	Average Income/Saving Before Avail Credit	After Avail Credit	Average Income/Saving After Avail Credit
On Income	135400	4513.33	287300	9576.66
On Savings	46730	1557.66	110860	3695.33

Source: Primary

Table 1.09 shows after avail credit overall income increases from Rs 135400 to Rs 287300 and average monthly income increases from Rs 4513.33 to Rs 9576.66. The micro credit increases overall savings from Rs 46730 to Rs 110860 and average monthly saving increases from 1557.66 to Rs 3695.33.

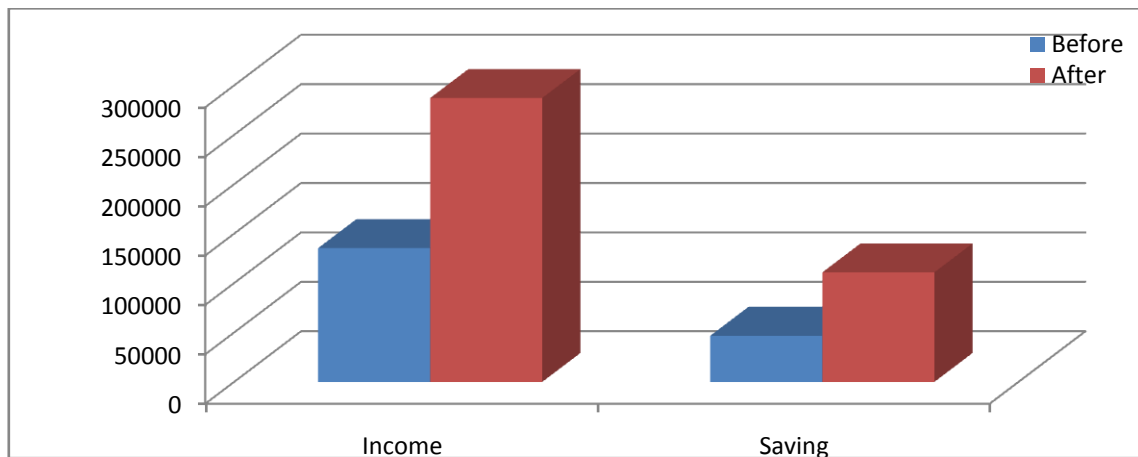


Fig 4: Overall Impact of Micro Finance on Income and Savings.

Vertical line shows Rupees, Horizontal line shows Income and Savings.

Major Findings: The study derives the following findings.

- The age group of SHGs member majority 46.67 per cent from age group 30-40 years 33.33 per cent from age group 40-50 years and least 20.00 per cent from age group below 30 years. 53.34 per cent family size is less than 5 members and 46.66 per cent family size is 5-10 members.
- The respondents 66.66 per cent take the responsibility as head of family in all family matters which signified the empowerment followed by 26.67 per cent from husband and 6.67 per cent from other members.
- Micro Finance Service Institution is functioning well in the study area rather than Nationalized and Regional Rural Bank. 53.34 per cent of women borrowers are benefitted by Micro Credit from Service Institution followed by 20.00 per cent of credit from Nationalized Banks and 26.66 per cent from Regional Rural Banks.
- The respondents prefer doorstep service rather than they personally go to the bank. The official person and the agents of Micro Finance Service Institution frequently come to the remote areas and provide credit to the borrowers with zero liabilities and minimum documentation.
- The paired 't' value on income is found -10.873 and p value is found 0.00, less than 0.05 ($0 < 0.05$) since the hypothesis is rejected and the mean income is significantly higher after availing credit and it can be concluded that micro finance increases the level of income of the respondent.
- The Paired 't' value on savings is found -9.784 and p value is found 0.00, less than 0.05 ($0 < 0.05$) since the hypothesis is rejected and the mean savings is significantly higher after availing credit and there is strong evidence that micro finance increases the level of savings of the respondent.

Policy Implication and Conclusion:

The study concludes that the micro finance service institutions are functioning well in the area. People prefer door step service rather than they personally go to the bank therefore, the official person have to come to the beneficiaries with proper leadership, training, awareness campaign and education to achieve larger and more lasting empowerment. The study reveals that the SHG members are compelled to borrow their loan requirement with higher interest rate from the private micro finance service institutions. So, the problem needs to be solved by the concerned authorities and bank officials for better outcomes and to everlasting the movement.

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