Micro Finance and Women Empowerment in Rural Assam

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Abstract: Microfinance is considered to be a key strategy for addressing issues of poverty alleviation and women empowerment. The empowerment of women through microfinance with SHGs would give benefits not only to the individual women but also for the family and community as a whole through collective action for development. Microfinance has been recognized world over as one of the new development paradigms for alleviating poverty through social and economic empowerment of the poor particularly women. Microfinance encouraged many researchers all over the world to rethink about the concept of financial inclusion of the marginalized people, especially women, who were thought to be unthinkable. But in present days the economists are expressing concerns about the market oriented nature of the micro finance institutions in India. Microfinance programs have significant potential for contributing to women's economic, social and political empowerment. Access to savings and credit can initiate or strengthen a series of interlinked and mutually reinforcing 'virtuous spirals' of empowerment. Microfinance programs have significant potential for contributing to women's economic, social and political empowerment. The paper focuses on the conceptual aspect of microfinance and Self Help Groups(SHG) and analyze the of role SHGs towards women empowerment in the rural Economy of Assam. The North-East Region remains a classic case of financial exclusion. Micro credit facility has become very much helpful for the women workers mainly in the unorganized sector in the North East India. A number of agencies- Government as well as Non-Government Organizations-(NGOs) are, today involved in micro-finance development initiatives. The microfinance-SHG have a great bearing on women empowerment. It has become a ladder for the poor, particularly the women to bring them up not only economically but also socially, mentally, politically, educationally and attitudinally.

Keywords: Microfinance, Women Empowerment, SHGs, financial exclusion, Microcredit, NGOs, Women entrepreneurs.

1. Introduction:

Microfinance has been recognized world over as one of the new development paradigms for alleviating poverty through social and economic empowerment of the poor particularly women. Microfinance encouraged many researchers all over the world to rethink about the concept of financial inclusion of the marginalized people, especially women, who were thought to be unthinkable. But in present days the economists are expressing concerns about the market oriented nature of the micro finance institutions in India.

Microfinance refers to the provision of various financial services like savings, credit, money transfers, insurance etc. in small doses for the poor to enable them to raise their income levels and improve living standards. The emergence of women entrepreneurs and their contribution to the national economy is quite visible in India.

Microfinance programs have significant potential for contributing to women's economic, social and political empowerment. Access to savings and credit can initiate or strengthen a series of interlinked and mutually reinforcing 'virtuous spirals' of empowerment.

Microfinance development has emerged as major strategy to combat the twin issues of poverty and unemployment that continue to pose a major threat to the polity and economy of both the developed and developing countries. A number of agencies-Government as well as Non-government Organizations- are, today involved in micro-finance development initiatives.

From the early 1970s, women's movements in a number of countries identified credit as a major constraint on women's ability to earn an income and became increasingly interested in the degree to which poverty-focused credit programmes and credit cooperatives were actually being used by women. SEWA in India, for example, set up credit programmes as part of a multi-pronged strategy for an organization of informal sector women workers.

The 1980s saw the emergence of poverty-targeted micro-finance institutions like Grameen Bank. Many of these programmes see themselves as empowerment-oriented. In the 1990s, a combination of evidence of high female repayment rates and the rising influence of gender lobbies within donor agencies and NGOs led to increasing emphasis on targeting women in micro-finance programmes.
Throughout the developing countries, innovative lending programs have emerged that specializes in supplying small capital loans to low-income entrepreneurs. In many of these programs it is common to find that a large percentage of borrowers are women.

Another area of debate surrounds the question of whether a woman’s participation in a credit program raises her “bargaining power” or “empowerment” in the household. Hashemi et al. (1996) for example, attempt to measure a woman’s empowerment using indicators such as level of mobility, ability to make large purchases, and political and legal awareness. However, in other studies, such as Goetz and Sen Gupta (1996) and Rahaman (1999), evidence is offered that a woman’s participation in a credit program reinforces her dominated role in the household, and in woman’s participation in a credit program reinforces her dominated role in the household, and in some cases, the loan ends up under the control of her husband.

Women constitute half of humanity, even contributing two-thirds of world’s work hours. She earns only one-third of the total income and owns less than one-tenth of the world’s resources. This shows that the economic status of women is in pathetic condition and this is more so in a country like India.

Empowerment comes from Women’s groups who seek to empower themselves through greater self-reliance. They have right to determine their own choices in life. They also seek to gain control and access to resources.

Economic empowerment is one of the means to empower the women. Enhancing women’s economic productivity is an important strategy for improving the welfare of 60 million Indian households living below the poverty line (Dwarakanath, 1999). The existence of women in a state of economic, political, social and knowledge disempowerment is known to be a major hindrance to economic development.

Income generating activities will be considered as those initiatives that affect the economic aspects of people’s lives through the use of economic tools such as credit. It is being increasingly realized that women’s income in a family is very important in relation to the nutritional, economic and educational upliftment of the family.

Self help groups (SHGs) have emerged as one of the major strategies for women’s empowerment and various schemes of the Government of India have shown those strong women’s groups.

Experience with various programmes and projects have highlighted the benefits of formation of women’s groups for building confidence and focusing on developmental tasks. Different groups in various states all over the country have focused on skill development and awareness generation, promoting economic development through income generating activities, inculcating thrift and credit management activities among poor women.

Women cannot be ignored while devising various policies for rural and socioeconomic development. So, treating the women with equality of opportunities is very much required.

Very few studies are available related to measurement of level of empowerment of women and contributing factors for it. This study has been designed mainly to focus on extent of empowerment of rural women through income generating activities and constraints that are experienced by rural women in their empowerment.

1.1 Rationale of the Study

The North-East Region remains a classic case of financial exclusion. Considering the poor state of the economy and its indicators in the region is actually appropriate to the growth of micro finance.

Informal financial market in the North Eastern Region is widespread and diversely organized reflecting the creativity of local communities to meet their specific needs.

Because of relatively less banking infrastructure and availability of low bank credit, there has been wide gap between supply and demand for credit. The interest rate in informal transactions is in the range of 10% per month to 10% per day. To fill this wide gap, a number of models of informal lending evolved in different parts of the state. These include informal cooperatives, 'Associated Savings and Credit Associations (ASCAs), professional 'money lenders’ like Kabuli Walas, part time money lending by many government/corporate sector employees, especially the lower level employees, Churches, etc (a vivid description of these institutions could be seen in Sharma, A, 2007). The informal cooperatives and ASCAs, normally, mobilize savings from their members and lend primarily to outsiders and also to their members. Because of large scale emergence of local lending groups, the interest rate in informal sector has declined from about 10% to 3 to 5% in lower Assam (Sharma, A, 2007). In almost all informal credit, the normal practice is that the borrower pays interest regularly and principal at convenience. Modern microfinance institutions like SHGs and MFIs also adopted this practice, which could be risky in the long run (Sharma, A, 2007).

Two modern microfinance models, viz. SHG model and MFI model started in the 1990s. Both were pioneered by the NGOs. There are about 306 NGOs, two RRBs, a handful of Farmers clubs and a few hundred volunteers are involved in SHG promotion. By March 2007, NABARD provided SHG promotional support to 73 NGOs to promote 9,520 SHGs. However, they could promote, 8,171
SHGs, get saving linkage to 7,692 SHGs and obtain credit linkage to 3,032 SHGs. NABARD also provided promotional support two RRBs and is in the process of providing support to more number of NGOs, bank branches, farmers clubs, etc. With the entry of DRDA in SHG promotion, the movement got big boost. The number of SHGs, promoted by DRDA has shot up from 177 SHGs in 2001 – 02 to 1, 39,295 SHGs by August 2007. Unlike in many other states, male members and male groups and mixed groups constitute a significant part in SHGs in the state. It appears that the share of men and mixed groups is increasing in recent years. Many promoters complain that DRDA took over many SHGs promoted by NGOs and communities themselves. Strictly speaking DRDA’s SHGs are not conventional SHGs of NABARD model. According to the data provided by NABARD, Guwahati, 1, 44,036 SHGs have saving accounts in banks as on 30th November 2007. These figures clearly indicate the predominance of DRDA and SGSY in SHG movement in the state. With this background the present study “Empowerment of rural women through income generating activities in districts of Assam has been formulated with the following objectives.

1.2 Objective of the Study:

• To study the extent of rural women empowerment through various income generating activities.
• To know the efforts required for group formation that could survive in desired manners.
• To know the present vision of SHG’s members and determine the future direction of integrated SHG system respectively to and desired improvement.
• To assess role of rural women in SHG and search appropriate alternatives for their capacity building.
• To know the impact of support services available for SHG rendering its promotion.

1.3 Data Source and Methodology:

The present study is both descriptive and empirical. This is based on primary data and supplemented by secondary data whenever necessary. The relevant secondary data are been collected from books, journals, research paper,newspaper, NABARD’S Annual Reports, Other Government Survey Reports and related websites. This study deals with research methods and techniques used in the study,. The present survey has been confined to rural areas. Considering the availability of data, State level, District level and Block level information has been used for stratification purpose. A multi-stage sampling procedure was adopted for the investigation.

1.4 Significance of the Study:

The earlier studies have concentrated on development of rural women, of late there is a shift from development to empowerment of women, through income generating activities. The present study is likely to provide valuable information to the government and nongovernment agencies about the extent of empowerment of the rural women through income generating activities and the factors influencing the empowerment.

The study has been designed to focus on the contribution of socio-economic characteristics of rural women towards the extent of empowerment. This helps in identifying methods that enhance the extent of empowerment of rural women. The constraints that are experienced by the rural women and suggestions for empowerment will be of immense help for policy makers and women development programme initiators to plan the future programmes most effectively.

2. Socio; economic overview of the study Area

Dhubri district situated in the extreme western corner of Assam was the locale of the study. The district of Dhubri is surrounded by the Kokrajhar district in the north, Meghalaya & Bangladesh in the south, Bongaigaon & Goalpara district in the east, West Bengal and Bangladesh in the west. The total area of Dhubri district is 2838 sq. km. having a distance of about 290 Km. from the State capital, Dispur, Guwahati.

As per the Census data 2001, 1634589 persons lived in Dhubri out of which about 88 percent are rural. About 70 per cent of the total population is from Minority communities of which more than 95 per cent are Muslims. The population density of the district is 584, which is much higher than the state density of population i.e. 340 persons as per 2001 Census.

The decadal variation of population growth shows that population growth has been maintaining a steady rate since 1951 to 1991. However, since 1991, there has been a fall in population growth in the district. The Crude Birth Rate (CBR) and Total Fertility Rates (CDR) for the district are 38.16 and 4.04 respectively. The sex ratio of the district as per 2001 census is 944, which is slightly higher than the state sex ratio of 935. The sex ratio of the district as per 2001 census is 944, which is slightly higher than the state sex ratio of 935. The literacy rate of the Dhubri district is 49.86 per cent as against of 63.25 per cent of the state total. Of this, the male literacy rate is 45.37 per cent and female literacy is 33.82 percent.

The work participation rate in the district is 28.87 in 2001, of which 28.84 and 29.11 represent rural and urban work participation rates respectively. The distribution of work forces in the district as per the Census 2001 is shown below.
Among the total rural workforce of Dhubri, the Census data, 2001 reveals that there are 184811 cultivators, 80118 agricultural labourers, 96954 are other workers. Besides, the total workforce of the district the total number of non-workers is 940082 and 30510 are marginal workers. Dhubri is positioned at the bottom in the HDI list of Assam with considerable lags in the development procedure of the district

### 2.1 Sources of Credit:

The survey findings report that the labours and small farmers avail credit mostly from the village moneylenders as well as landlords for meeting sudden expenses along with current cultivation costs. There is a distinct difference of the source of credit of the medium & large cultivators with the labours and the small-cultivators. The major source of credit of the medium & large cultivators is the institutional credit while the others rely upon friends and relatives. Moneylenders and landlord employers are the secondary sources of availing credit. The overall picture presents that there is twain problem of institutional credit availability and use. On the one hand, the financial institutions may not be interested in deploying agriculture loans, and on the other hand, it may also be possible that due to ignorance and illiteracy of the stakeholders, the impact of developmental financial plans cannot be realized by them. In case of artisans and small businessmen the major source of credit is reported to be the institutional sources.

In Assam, women of rural areas are vitally and typically the peasantry class. They are also primary labour and small farmers, host of jobs are accomplished by them, viz. sowing or planting of plot, weeding, harvesting, preparing crops for storage or immediate consumption and rearing of livestock’s, etc. In effect, the participations of women in farming operation are the functions of household earnings, food security, food prices, household necessities, (due to migration of their male-counterparts to the urban and semi-urban areas in search of job in the services sector), savings for the future or future financial security. Besides being socio-cultural constraints

In upper Assam the female participation in agriculture is noticeable in the districts of Jorhat (36.52 per cent) and Dibrugarh (34.21 per cent). It is necessarily the plain agro-landscape, inhabitation of diverse ethnic groups, mostly of plain people, an epicenter of tea industry. Due to this, the rural people have natural relations to cultivation, more particularly of females.

In lower Assam, the participation of females in the sphere of farming was relatively scanty, prior to the liberalization regime. The outstanding districts of this zone are of Dhubri (4.36 per cent), Goalpara (12.93 per cent) and Barpeta (5.54 per cent).

South Assam, popularly known as the Barak Valley, comprising of the districts of Cachar (8.90 per cent), Karimganj (4.20 per cent) and Hailakandi (4.97 per cent) was a replica of lower Assam in terms of the number of female farmers. The only exception was that this zone in the state did not touch double digit mark of participation during the pre-reforms period.

### 2.2 Microfinance: A Glance

The United Nations Year of Microcredit in 2005 and the Nobel Peace Prize to Mohammed Yunus and performance of Grameen Bank till 2008 have given considerable public recognition to microfinance as a development tool and attracted worldwide attention. Microfinance has become a global industry and growing at an exponential rate worldwide.

The growth of microfinance has emerged out of the failure of development financial institutions and national commercial banks to sustainably meet the needs of poor rural populations in developing countries. Because of all these worldwide developments, microfinance is accepted as one of the poverty reduction tool.

Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and their microenterprises. In contrast to microcredit (i.e., loans), microfinance addresses a wider range of financial services.

Microfinance services are provided by three types of sources (Asian Development Bank, 2000) – (a) Formal institutions, such as rural banks and cooperatives; (b) Semiformal institutions, such as NGOs; and (c) Informal sources such as money lenders and shopkeepers.

Asomi is a leading microfinance institution (MFI) currently operating in the state of Assam. With over 53 branches and 235 employees Asomi has just with in a space of 9 years, established itself as an one of the Assam’s leading NGO engaged in social transformation. Asomi believes that economic inclusion is key to realizing human potential and social harmony, and microfinance is an answer to many of our current socio-political economic empowerment of women. The state of the SHGs movement varies from state to state and with in a states from one district to another.

### 2.3 A Case Study of a Successful Self Help Group:

A Self Help Groups (SHGs) promoted as a channel of microfinance is a financial intermediary usually comprise of 10-20 local women. The purpose of forming SHG is to build the functional capacity of the poor women in the field of employment and income generating activities. The Madaikhali
SHG’s is a successful one under Dhubri District of Assam.

During the year, 1999-2000, the Madaikhali SHG. (SC Women Group) have been formed. The groups have taken the “TERRACOTTA” as their key activity. Total members of the group are 13 Nos. The members of the group is quite discipline in discharging the group activity. Small saving is one of the salient features of the group. It is one of the parts to build the group in a financial strong position.

The saving of the group is very satisfactory. They have started contribution every month Rs 50/- each now it comes to Rs 100/- each totaling of corpus fund of Rs. 3,53,000/- with that saving amounts, the activity of the group can be measured. Lending to other members is also a good symptom of the group. Without earning by lending, the SHG’s can not increase its principal amount.

The group has its own procedure for lending to the members up to Rs. 500/- to Rs. 3500/- which is helping the members to increase their own income.

They have availed Rs. 10,000/- and 15,000/- of Revolving fund from DRDA and Bank respectively which has helped to increase its financial position.

Almost all the products are sent to all over N.E. region state and sometimes to other parts of India also. Actually, there is no available local market for the products. Only a few items are used by the local people. All are exporting and quality products.

They have divided Rs. 96,600/- equally among the members @ Rs. 7,430/- on April/07 as honorariums.

At present, mddlemen/Agent has marketed the products. Presently the marketing SHG have decided to sale/send the products by themselves. The livelihood of the members of the group is very noticeable at present.

3. Observation and findings

Micro credit facility has become very much helpful for the women workers mainly in the unorganized sector in the North East India. The women in the informal sector have to face double burden of work which includes the task of production and reproduction. One major problem of the women is that they are denied the economic, social, and political identity. This hinders the economic growth and poverty level increases to a large extent. Micro finance provides the opportunity to the poor to access to credit without any collateral, to reduce the poverty and also to empower the poor women to become self employed. The emerging microfinance revolution with appropriate designed financial products and services enable the poor to expand and diversify their economic activities, increase their incomes and improve their social wellbeing SHG movement has unfortunately started very late in the North Eastern States. Among the NER, it was first implemented in Assam. Since 2000, a sizeable number of SHGs have started to crop up in almost every district of Assam.

At present, the 66125 SHGs roughly cover 1 million people in the state. The need is to cover at least 14 million poor and nearly poor populations. The credit needs of the poor are very small. What they need most are guidance and support. Group savings can meet only the members’ recurring demand for small loans for consumption and other contingent needs.

Though SHG movement is growing at a phenomenal pace and resulting in far reaching benefits to its members and also rural bank branches, it is facing a number of serious challenges. All these challenges could be summarized into two major challenges. These are:

1. Uneven growth of SHGs in different parts and states of the country.

2. Uneven quality of SHGs across the country and issues related to their sustainability

Micro finance with SHGs play a pivotal role for promoting women empowerment. It is not only an efficient tool to fight against poverty, but also a means of promoting the empowerment of the most marginalized sections of the population, especially women. The empowerment of women through SHGs would give benefits not only to the individual women but also for the family and community as a whole through collective action for development. The SHGs- Bank linkage programme has been providing the rural access to the formal banking system and has achieved several milestones in terms of gender sensitization, empowerment and poverty alleviation. The programme provides thrift linked credit support to the members of SHGs.

3.1 Problems and Challenges

There are some problems and challenges that contribute difficulties to the women empowerment through micro business are as follows.

- Lack of knowledge of the market and potential profitability
- Inadequate book-keeping
- setting prices arbitrarily
- High interest rates
- defective debt recovery methods
- Only statistical target achiever approach is following in the formation of group. It shows the process of group formation is not proper SHG organization in plenty. and result comes as very poor situation of this.
- Although the participation of members is not active and creative in desired way thus
it is the prime cause of passive situation of SHG yet no doubt about initial level of awareness building of the women segment of rural society.

- Lack of strategic vision and planning among the members i.e. functioning of group limit till small saving which become irregular.
- Lack of visionary mutual understanding among the members may be the most responsible factor.
- Lack of proper organization management, motivational sprit and techno-managerial skills etc factors play major role in the slow or rigid progress of the group.

The problems faced by women of Nalbari are multi dimensional. Apart from treating it as a law and order problem, special attention should be given towards its socio-economic imperatives by integrating the ongoing welfare schemes. The socio-economic empowerment of women has the capability of arresting this situation. The best way of empowering women is to facilitate her economic independence. In this regard if, Panchayati Raj Institutions (PRIs), Non Governmental Organisations (NGOs) and all government institutions work in tandem, it can result in inculcating capacity building at the vulnerable grassroots’ level.

It is a well-understood fact that for every sustainable mass movement constant support of women is a must. The women have a big role in the genesis, sustenance and mitigation of an armed conflict. Under the prevailing conditions women centric strategy can become an effective tool in the hands of state in suppressing ill effects of conflict situation. States’ strategy of encouraging Women Self Help Groups (WSHGs) has a potential to address hosts of societal problems.

The success stories of women SHGs narrate the positive differences that have been brought in the lives of many in these real life settings. It has made the vulnerable section of society empowered and economically self sufficient. The SHG route has been reasonably successful. Many surrendered women militants, women family members of militants killed during encounters, widows, women rescued from traffickers etc have been suitably rehabilitated. Apart from providing basic livelihood and empowerment, this women centric strategy restricts the vulnerable women in falling prey to militants, traffickers and into prostitution. It also provides them a sense of positive self identity and a developed self, constructively and constantly contributing for the development of society and the nation.

Government special efforts in providing fast and economically viable micro credit to the trained and cohesive women SHGs facilitated by various NGOs can further accelerate the spread effects of happiness in this insurgency ridden district of Assam and elsewhere.

4. Concluding Remarks and Recommendation

The foregoing analysis clearly reflects the SHG movement creates a new economic revolution in the lives of poor women by way of increasing the income. The microfinance-SHG have a great bearing on women empowerment. It has become a ladder for the poor, particularly the women to bring them up not only economically but also socially, mentally, politically, educationally and attitudinally.

Despite of all round support from the Government, NABARD, RRBs, NGOs and members themselves, the conditions of SHGs in the state is far from satisfaction. The major reason is the integration of two incompatible programs, viz. SHG - banking, which is a commercial activity and SGSY, which is a grants/subsidy based program. In the SGSY to get grants/subsidy, the groups have to shell out one-third to one-half of grant/subsidy. Apart from these, the groups have to make number of visits to the banks and promoting offices. The transaction costs too are substantial. To get their own share in the easy money, the members usually pocket the loan component and disband the group. Because of this reason, the recovery of SGSY loans is not only low but also declining further in recent years. Because of this reasons the banks are not positively inclined.

Microfinance sector in the NER is unexplored to a greater extent and its remains huge opportunity at the rural NER. There is an urgent need to take a coordinated government effort for the development of microfinance sector at DONER and overcome the challenges discussed in this paper. Looking at the successful model of SHGs in India particularly in the south, it is worldwide accepted that SHG movement can add a new dimension to the fight against poverty and underdevelopment in rural North Eastern States. To maximize the contribution of microfinance to women’s empowerment it requires equality in access to all microfinance services with the help of non-discriminatory regulatory framework. To make the microfinance a grand success the poor women take initiative from their own and their male counterpart will fully extend their co-operation to empower the women and the NGOs.

Should come forward to make aware and motivate the poor women to be empowered through microfinance programme.
References:


