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Impact of Micro-Finance through SHGs on Empowerment of Women: A Case Study in Cooch Behar District of West Bengal

Pankaj Kumar Das

Assistant Teacher, Marichbari High School (H.S.), South Maradanga, Cooch Behar, West Bengal, India

Abstract:

The real problem faced by every developing country like India is poverty & unemployment. Development of a nation is very much dependent on the development of rural people. According to 2001 census 35% of the population is living below poverty line & 30% below poverty line in 2011 census. Among the poor population the most disadvantage & low status group are women. The rural women are low level of education, employment, health condition & status in India. Poverty is the main obstacle for the improvement of the women. To improve the living condition of rural women, the Government of India has been taken several welfare & developmental programmes where special emphasis has been given to women. Micro-finance through the Self-Help Group (SHGs) is one of the key instruments to reduce poverty & empowering rural women by giving credit sources in India. Self Help Group is the formation of voluntary women members & SHGs may be an effective method to develop the society. Micro-finance through SHGs would lead to benefits not only to the women, but also for the family & community as a whole. The participation of women in micro -finance through SHGs made a significant impact on their empowerment both in social & economical aspects. This research paper is an attempt to analyze the impact on micro-finance through SHGs on women empowerment in Cooch Behar district of West Bengal.

Keywords: Micro-finance, SHGs, women empowerment, status of SHGs, Cooch Behar, West Bengal

1. Introduction

Half of the population of India is women. The role of women in development is most intimately related to the socio-economic development of Indian society. The Government of India has been launching & implementing various programmes for the women empowerment & development. One of the programmes is micro-finance through SHGs on women empowerment. Micro-finance is a potential tool of productive economic activity & women empowerment. The goal of micro-finance is to give low income women an opportunity to become self-sufficient by providing of saving & borrowing money. The main aim of micro-finance is to empower women & women make up a large proportion of micro-finance beneficiaries. Micro-finance provides women to the financial banking they need to start business & actively participate in the economy. It gives them confidence, improves their status & makes them more active in decision-making process. It provides to finance for the underprivileged of a similar socio-economic background & arrange them into self-help groups. Micro-finance leads to women empowerment & transform their lives to the future. Self Help Groups (SHGs) is a voluntary & self-managed small group contains 10 -20 women members residing in a particular locality & belonging to similar socio-economic characteristics, who come together to promote savings among themselves. . Its main objectives to increase the wellbeing of the poor people, provide access resources & credit, increase self-confidence, self-esteem & increase their creditability in all aspects of lives (Samanta, 2005).

The Self Help Groups is the brain child of prof. Mohammed Yunus, founder of Grameen Bank of Bangladesh, in the year 1975. The micro finance program started in India by NABARD in 1992 has made rapid progress in recent years & has dominated by SHGs bank linkage program for over a decade now. Government of India has launched micro-finance program under the scheme of SGSY from 1st April, 1999. Micro-finance is a social intervention in which poor people through formation of SHGs that can mobilize their savings, link it with credit & become self-employed to make them self sufficiency. Micro-finance through SHGs has become popular in different parts of the country & has witnessed a rapid growth of SHGs in last one decade. As on 31 March 2009, there are more than 61 lakh saving linked SHGs & more than 42 lakh credit linked SHGs & about 8.6 crore poor women have been covered under micro-finance (Progress of micro-finance, NABARD, 2008-09). But the performance of credit agencies are very poorly increase of micro-finance except southern region (Vijay Anand, 2008). Financial institutions are primarily concerned with lending & recovering (Gathe, 2007). Today there are over five million banks linked SHGs in the country & nearly 80% of the groups are women only groups (NABARD, 2007-08).

2. Micro-Finance

Micro-finance has evolved over the past 25 years across India into various operating form & success. Micro-finance is a program for the poor & by the poor to mobilize the savings & use them to meet their financial needs (Roa, 2010). Micro-finance has been the development of the Self Help movement. Micro-finance is a participative model that can address the needs of the poor women. The most common micro-finance product is a micro credit or loan. These tiny loans are enough for hard working micro-

entrepreneurs particularly the rural women to start or expand their small business such as weaving, handloom & handicrafts, embroidery & tailoring etc & sell the products in the markets for generating their income.

3. Self-Help Groups

Self Help Group is a voluntary association of 10-20 poor women belonging to the same socio-economic background & involves primarily in saving & credit activities. A SHG is formed independently without any political influences. It may be all women group, all men group or even a mixed group. Most of the group can be seen only women members. The SHG provides a cost effective delivery mechanism for small credit to its members (Tangirala, 2008). Self Help Groups start with saving & not with credit, the group uses its savings to give loans to members for their emergency & other needs. The members decide on savings per members, maximum size of loans, guarantee mechanisms in loan sanction (Kour, 2008).

4. Review of Literature

Micro finance through SHGs to be an effective & potential tool that has made headway in its effort to reduce poverty & women empowerment. Micro finance makes a significant contribution to both savings & borrowings of the poor through direct investment. Micro finance contributes to poverty reduction & financial sustainability, increased wellbeing & social, economic & political empowerment (Mayoux & Hartl, 2009). Adequate care should be taken to ensure homogeneity of socio-economic status of the members, while forming SHGs (Satish, 2001). Self Help Groups have helped to setup a number of micro enterprises for income generation (Barbara & Mahanta, 2001). SHGs in broader concept play an active role in social & commercial transformation, income generation & other development activities (Arujn & Pangannavar, 2008). The SHGs have been playing an important & pivotal role in organizing women, developing leadership qualities among women, mobilizing savings & involving women in various income generating activities. SHGs are an important instrument to poverty alleviation program particularly of women poverty. SHGs helped women to improve their socio-economic status which leads to economic empowerment (Venkateshmurthy & Dinesh, 2009). The success of SHGs not only improved the economic status of women & also brought lot of changes in their social status (Anitha & Revenkar, 2007). Self employment through SHG can increase the earning capacity & economic independence & gave an opportunity in decision making within the families (Mary, 2008).

Micro finance is a term for the practice of providing financial services like micro-credit, savings or insurance to poor rural women. It has gained a lot of significance in India through promotion of the SHGs & SHG-Bank Linkage Program (SBLP) model. Micro finance has proven to be important instruments to fight against female poverty in the developing countries. Among the 81.9 million poor clients served by micro finance program in 2005, 84.2% were women (World Bank, 2005). Micro finance gives women self confidence & the capacity to play active role in the society. It is an emerging as a powerful instrument for poverty alleviation & women empowerment but there is an acute need among the poor both for consumption & production credit which declining line between survival & succumbing to poverty. Credit for health, housing, education is also critical for survival (Zeller & Sharma, 2000). Though comprising Commercial Banks, RRB & Co-operative Bank with a large network of more than 153000 retail credit outlets has been established as a multi agency rural credit delivery structure across the country, yet reaching the poorest of the poor, whose credit requirements are very small, fragment & unpredictable, was found to be difficult (Abraham, 2008). The performance of credit agencies is very poor in case of micro finance except southern region (Anand Vijay, 2008).

5. Objectives of the Study

The main objectives of the study are: - 1.To study the role of SHGs in the rural development, 2. To study the respondent's backgrounds, 3. To examine the role & performance or extent of involvement of women in SHGs in Cooch Behar district, 4. To analyze the impact of micro finance through SHGs on women empowerment in Cooch Behar district, 5. To summarize the findings of the study, 6. To make recommendations & conclusion on the study.

6. Methodology

The present study is based on both the primary & secondary data. Primary data has been collected from the female respondents from selected SHGs with the help of well structured questionnaire schedules. The secondary data & information on the micro finance & women empowerment has been collected from various books, journals, newspapers, Government report, NGOs report & internet etc.

7. Profile of the Study Area

Cooch Behar situates between 25° 57'47" & 26° 36'20" North latitude, between 89° 54'35" & 88° 47'44" East longitude. Cooch Behar is a district under the state of West Bengal. It is located in the north-eastern part of the state & bounded by the district of Jalpaiguri in the north, state of Assam in the East & the international border in the form of Indo-Bangladesh boundary in the South & South-West. The total geographical area of the district is 3387 sq kmts, which contributes 3.09% of the land mass of West Bengal. The density of population is 832 per sq kmts & sex ratio is 942 per 1000 male people. The total agricultural land is 2530.63 sq kmts constitutes 72.78% of the total geographical area. The district has five administrative subdivision viz. Cooch Behar Sadar, Dinahata, Mathabhanga, Mekhliganj & Tufanganj. There are 12 Blocks in the district. Total population of this district is 2819086 out of which 89.73% are living in rural areas. The total literate population is 1850504 & overall literacy rate is 74.78% but female literacy rate is 68.49% (census-2011). About 76.44% are Hindu & 23.34% are Muslim & 50.10% & 0.58% are SC & ST respectively & almost 85-90% people depend on agriculture. 46.01% are BPL households & 24.4% are agricultural labourer (P & RD, 2002).

8. Primary Data Collection

The information was collected through personal interview method. Primary data have been collected with the help of questionnaire. A convenient random sample was followed to involve the 100 women respondents for response.

9. Analysis & Interpretation

The information on socio-economic characteristics of rural people of SHGs like age, marital status, residence, educational qualification, occupation, monthly income, caste are presented in Table Bellow.

9.1. Demographic Profile of the Respondents

| 1. Age: | Response | No of Respondents | Percentage(%) |
|--------------------|------------------|-------------------|---------------|
| | Up to 25 | 26 | 26 |
| | 26-35 | 43 | 43 |
| | 36-45 | 24 | 24 |
| | 46-55 | 07 | 07 |
| 2. Marital status: | | | |
| | Married | 82 | 82 |
| | Unmarried | 13 | 13 |
| | Widow | 05 | 05 |
| 3. Education: | | | |
| | Illiteracy | 21 | 21 |
| | Primary | 32 | 32 |
| | Secondary | 28 | 28 |
| | H.S. | 13 | 13 |
| | Graduation | 06 | 06 |
| 4. Residence: | | | |
| | Rural | 92 | 92 |
| | Urban | 08 | 08 |
| 5. Occupation: | | | |
| | Agriculture | 62 | 62 |
| | Housewife | 21 | 21 |
| | Small business | 07 | 07 |
| | marketing | 06 | 06 |
| | service & others | 04 | 04 |
| 6. Monthly income: | | | |
| | <3000 | 24 | 24 |
| | 3001-5000 | 35 | 35 |
| | 5001-7000 | 32 | 32 |
| | 7001-10000 | 05 | 05 |
| | >10000 | 04 | 04 |
| 7. Caste: | | | |
| | General | 15 | 15 |
| | SC | 71 | 71 |
| | ST | 01 | 01 |
| | OBC | 13 | 13 |

- Data showed that majority of the respondents 43% aged between 26-35 years, 24% aged between 36-45 years & the age group between 46-55 years was found less 7%. Age is an important variable with which affinity to social status.
- The table showed 82% of the members were married & 13% of the members unmarried & 5% of the members were widows. Married women in SHGs may establish their urge & need for employment.
- 92% of the respondents is living in rural area & remaining 8% are living in urban area. Most of the respondents are living in the rural area.
- In the educational qualification, 21% women were illiterate, 32% women were completed primary education followed by 28% & 13% have completed secondary & H.S. education respectively & 6% have completed their Graduation. Education is the most key element in development & empowerment of the weak rural poor women.

- In the occupation 62% respondents are engaging in agriculture among those are labour & 21% are engaging in house activities. The lowest 4% are engaged in service & others.
- The 24% of the respondents are earning less than Rs 3000 per month followed by 35% respondents are earning Rs 3001-5000 & 32% are earning Rs 5001-7000 per month.
- The Table showed that majority of the members belonged to the SC categories 71% followed by 15% to General while OBC&ST are only 13% & 1% respectively. For this reason it is noticed that Cooch Behar is one of the major SC dominated district.

Name of the scheme of Cooch Behar district is SGSY. Total allocation of this scheme for 2010-11 was 1162.04 lakhs. Total fund available was 14.46 lakh. Total expenditure was- i) subsidy to SHGs-13.66 lakh, ii) training fund-0.25 lakh, iii) infrastructure-0.09 lakh. Percentage of expenditure was 96.82%. Total SHG formed 15553 in this district. Among them 1st Graded SHGs were 13184 & 2nd Graded were 3925. Total SHGs linked with Bank financing project was 13 & SHGs member trained (2010-11) was 220. Main activities of SHGs in Cooch Behar are agriculture based bamboo-jute-shola crafts etc (Cooch Behar, DRDC, 2010-11). Table-I shows that there are twelve Blocks in Cooch Behar district. Total no's of SHGs were 15553 up to June, 2010. Total no of 1st graded, 2nd graded, RF linked & project linked SHGs were 13184, 2925, 10749 & 1774 respectively in district. The highest no of SHG formed in DIN-II was 1751 & the lowest no of SHG formed in HLDB was 661. The table revealed that more no of 1st graded & 2nd graded SHG was found in COB-I (1632&554) block. The highest & lowest no of project linked SHG was in SITAI (300) & SLK (36) Block respectively.

| SL NO. | Block Name | Physical Achievement since inception up to June, 2010 | | | | |
|--------|------------|---|------------|------------------------|-----------|----------------|
| | | SHG formed | 1st Graded | 2 nd Graded | RF linked | Project linked |
| 1. | COB-I | 1680 | 1632 | 554 | 1343 | 165 |
| 2. | COB-II | 1254 | 1210 | 245 | 971 | 75 |
| 3. | DIN-I | 1751 | 1391 | 512 | 1092 | 160 |
| 4. | DIN-II | 1182 | 1062 | 401 | 903 | 290 |
| 5. | HLDB | 661 | 482 | 74 | 454 | 67 |
| 6. | MKJ | 1293 | 914 | 133 | 809 | 54 |
| 7. | MTB-I | 1162 | 1040 | 372 | 771 | 129 |
| 8. | MTB-II | 1303 | 1194 | 507 | 924 | 225 |
| 9. | SITAI | 1201 | 1072 | 449 | 745 | 300 |
| 10. | SLK | 1242 | 957 | 93 | 872 | 36 |
| 11. | TFG-I | 1467 | 1234 | 314 | 998 | 182 |
| 12. | TFG-II | 1357 | 996 | 271 | 867 | 91 |
| | Total | 15553 | 13184 | 2925 | 10749 | 1774 |

Table 1: Status Report of physical Achievement under SGSY of Cooch Behar DRDC, CZP.

Source: Cooch Behar DRDC, CZP, 2010-11

| Cooch Behar district | Savings linked SHGs | % of women groups | Grade-I | | Grade-II over grade-I | | No of credit linked SHGs over G-I | | No of project linkage group G-II | | |
|----------------------|---------------------|-------------------|---------|-------|-----------------------|-------|-----------------------------------|-------|----------------------------------|-------|-------|
| | | | No. | % | No. | % | No. | % | Total | women | % |
| Total | 12544 | 97.12 | 11463 | 91.38 | 3161 | 27.58 | 9499 | 82.87 | 519 | 495 | 95.38 |

Table 2: Cooch Behar District physical progress of SHGs, 2008-09.

Source: ARPN Journal

Table-2 revealed that the total 12544 no of savings linked SHGs was formed in Cooch Behar district in the year 2008-09 & 97.12% of SHGs were women groups. Among them 11463(91.38%) were Grade-I. No of credit linked SHGs over grade-I were 9499(82.87) & the project linkage group Grade-II were 519, among them women were 95.38%.

Table-3 indicated Cooch Behar district financial status of microfinance under SGSY. The total amount of Revolving fund released from DRDC was 29.72% & project as a loan 45.01%. The total project linkage group against the total credit linkage group was 5.46 & no was 519. The average per SHG credit availability was Rs 24997 & average project loan was Rs 202200.

| Cooch Behar district | No of credit linkage SHGs | Project linkage SHGs | | Disbursed amount | | % of Revolving fund over | | Per SHG amount in Rs. | |
|----------------------|---------------------------|----------------------|-------------|------------------|--------------|--------------------------|--------------|-----------------------|--------------|
| | | No | % over CLGs | Total credit | Project loan | Total credit | Project loan | Total credit | Project loan |
| Total | 9499 | 519 | 5.46 | 2374.48 | 1049.41 | 29.72 | 45.01 | 24997 | 202200 |

Table 3: Cooch Behar District financial status of microfinance, 2008-09.

Source: ARPN Journal

| Bank branch | No of savings linked SHGs | SHG passed G-I | | SHG passed G-II | | Amount of savings(in lakh) | Amount of RF released |
|----------------|---------------------------|----------------|------------|-----------------|------------|----------------------------|-----------------------|
| | | NO | Percentage | NO | percentage | | |
| UBKGB | 5076(40.47) | 4639 | 91.39 | 1305 | 28.13 | 597.36 | 334.32 |
| UCO Bank | 80(0.64) | 70 | 87.5 | 07 | 10 | 1.41 | 3.58 |
| UBI | 664(5.29) | 560 | 84.34 | 186 | 33.21 | 79.89 | 32.50 |
| SBI | 2250(17.94) | 2051 | 91.16 | 507 | 24.72 | 188.97 | 151.60 |
| CBI | 3441(27.43) | 3390 | 98.52 | 891 | 26.28 | 315.89 | 237.12 |
| Bank of Baroda | 334(2.66) | 333 | 99.7 | 103 | 30.93 | 15.41 | 25.63 |
| Bank of India | 82(0.65) | 74 | 90.24 | 18 | 24.32 | 2.63 | 4.77 |
| Allahabad | 617(4.92) | 346 | 56.08 | 144 | 41.62 | 22.43 | 31.07 |
| Total | 12544 | 11463 | 91.38 | 3161 | 27.58 | 1223.99 | 820.58 |

Table 4: Status of microfinance of different banks in Cooch Behar, 2008-09.

Source: Cooch Behar DRDC & ARPN Journal

Table-4 showed that UBKGB, CBI & SBI accomplished 1st, 2nd & 3rd position by taking the leading role in respect of no of savings linked SHGs 40.47%, 27.43% & 17.94%. No of Grade-I & Grade-II SHGs, amount of savings & amount of Revolving Fund, the above three banks have taken the leading role, released from DRDC. The table revealed that the total promotion of SHGs to Grade-I was 91.38% but the total promotion rate to Grade-II SHGs found only 27.38%.

10. Results

The results indicated there was a wide variation in the performance of different banks in all aspects of SHGs promotion & development. The study area has been observed that the female members of the family are mainly bogged with household & agriculture work & secondary role is economic aspects. The result of the present study shows that the SHGs Women are facing numerous socio-economic, cultural, environmental problems. They should be provided a environment for the upliftment of the rural poor women in participating in economic activities, improvement in literacy level, access to financial assistance, asset creation etc. SHGs women are try to mitigate their problems by the joining in SHG. The study mainly focused on the issue of socio-economic empowerment of women through SHGs in Cooch Behar district. This district dominated mainly on agricultural activities & their economic condition is low. But it is observed that poverty still persists the rural poor SHG women since some of their average annual per capita income is not able to cross completely the below poverty line in Cooch Behar district in West Bengal.

11. Suggestions

Based on the present study, the following suggestions are made:

1. Attendance at meeting & workshops should be made mandatory.
2. Proper emphasis should be given to group lending & SHGs formulation for alleviate poverty.
3. In avoiding of any misuse of money, there should be a need of proper regulating authority as savings, depositing & money lending.
4. Periodical training program for the group members may be organized by the NGOs & others Government officials about bank loan etc.
5. Women should be properly educated, so that they will enhance the capability to manage community projects.
6. The NGOs & the state government must also monitor at a regular interval the overall performance of SHGs.
7. SHGs are supposed to be good model organizations for the society in terms of ethics, social Cade, human values.
8. SHGs must improve their knowledge, skill & competence to meet the needs of the day.
9. SHGs need not confine themselves in providing temporary remedies but strive for ensuring sustainable solutions.
10. Transparency, accountability & responsibility should be taken into account.

12. Conclusion

Micro finance through SHGs is playing a significant role in poverty alleviation & rural development. Women are the sole family care-taker; proper emphasis should be given to the rural women for empowerment. Self-confidence & self-esteem are the central theme of women empowerment. SHGs create opportunities for women by development scheme & program. The government & NGOs should take almost effort to provide facilities to educate & proper training facilities are provided to members for the effective utilization of money, to develop their knowledge & skill helps reducing the problem of rural unemployment. Micro finance to the rural SHGs is a way to raise the income level & improve the living standards of the rural women. The SHGs have proved the way for their improvement in family condition, income & boosted their decision making ability. The role of SHGs enhances the confidence & capacity of the poor women. Now a day, Micro finance, SHGs has been recognized as one of the most promising effective tools of empowerment of women. It is considered as one of the most effective strategies to fight against global poverty. It is an effective weapon of social & economic development.

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