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Empowering women by enhancing their access to financial services with special reference to Ujani Majuli Development Block under Jorhat District: An analytical study of selected SHGs.

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Abstract

Financial inclusion is the delivery of financial services, at affordable costs, to sections of disadvantaged and low income segments of society. Unrestrained access to public goods and services is the sine qua non of an open and efficient society. It is argued that as banking services are in the nature of public good; the availability of banking and payment services to the entire population without discrimination is the prime objective of this public policy. The term "financial inclusion" has gained importance since the early 2000s, and is a result of findings about financial exclusion and its direct correlation to poverty. North East India includes 8 states and there are huge potentials regarding financial inclusions. Women empowerments through SHGs are the most important tools to enhance their access in financial services. SHG is a small group (15 to 20 members), voluntarily formed and related by affinity for specific purpose, it is a group whose members use savings, credit and social involvement as instruments of empowerment. This paper tries to evaluate the empowerment of women in Ujani Majuli Development Block through SHGs. For this the researcher conducted field survey among samples selected in the block. The SHGs financial conditions, formation, preliminary finance are also surveyed by the researcher. This paper is an honest attempt to understand the contribution of SHGs towards empowerment of women in the Ujani Majuli development block of Jorhat districts and to highlight the challenges faced therein.

INTRODUCTION

Financial inclusion or inclusive financing is the delivery of financial services to the sections of disadvantaged and low income segments of society at affordable costs. Unrestrained access to public goods and services is the sine qua

non of an open and efficient society. It is argued that as banking services are in the nature of public good; the availability of banking and payment services to the entire population without discrimination is the prime objective of this public policy. The

term "financial inclusion"¹¹ has gained importance since the early 2000s, and is a result of findings about financial exclusion and its direct correlation to poverty. North East India includes 8 states and there are huge potentials regarding financial inclusions. The term "financial inclusion" has gained importance since the early 2000s, and is a result of findings about financial exclusion and its direct correlation to poverty. The main reason for financial exclusion is the lack of regular or substantial income.

The committee on financial inclusion (2008)² defines financial inclusion as the "process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost"

By financial inclusion we mean the provision of affordable financial services, viz. access to payments and remittance facilities, savings, loans and insurance services by the formal financial system to those who tend to be excluded. It is important to recognize that in the policy framework for development of the formal financial system in India, the need for financial inclusion and covering more and more of the excluded population by the formal financial system has always been consciously emphasized. Women empowerments through SHGs are the most important tools to enhancing their access financial services. SHGs is a small group (15 to 20 members), voluntarily formed and related by affinity for specific purpose, it is a group whose members use savings, credit and social involvement as instruments of empowerment.

¹ <http://mdoner.gov.in/content/financial-inclusion>

² **IOSR Journal of Humanities and Social Science (JHSS)** ISSN: 2279-0837, ISBN: 2279-0845. Volume 5, Issue 1 (Nov. - Dec. 2012), PP 20-27; www.Iosrjournals.Org; www.iosrjournals.org 20 | Page

1.1 Meaning of Self Help Group

Concept of SHG:

Self – Help Group (SHG) ² ³ is a small voluntary association of poor people, preferably from the same socioeconomic background. They come together for the purpose of solving their common problems through self-help and mutual help. The SHG promotes small savings among its members. The savings are kept with a bank. This common fund is in the name of the SHG. Usually, the number of members in one SHG does not exceed twenty.

The concept of SHG is based on the following principles:

- Self-help supplemented with mutual help can be a powerful vehicle for the poor in their socioeconomic development;
- Participative financial services management is more responsive and efficient;
- Poor need not only credit support, but also savings and other services;
- Poor can save and are bankable and SHGs as clients, result in wider outreach, lower transaction cost and much lower risk costs for the banks;
- Creation of a common fund by contributing small savings on a regular basis;
- Flexible democratic system of working;
- Loaning is done mainly on trust with a bare documentation and without any security;
- Amounts loaned are small, frequent and for short duration;
- Defaults are rare mainly due to group pressure; and
- Periodic meetings non-traditional savings. Security;
- Amounts loaned are small, frequent and for short duration;
- Defaults are rare mainly due to group pressure;

Why Self-Help Group Is So Important?

³ www.wiki.shg.in

- ✓ To alleviate poverty
- ✓ To increase employment opportunity
- ✓ To accelerate economic growth
- ✓ To raise status in society is the prime reason for respondents joining the SHG
- ✓ To promote income generating activities

Bank-SHG linkage models⁴

Since the introduction of financial sector reforms in 1991 the banks are using these distinct linkage models to finance SHGs.

1. Model I: - Banks provide micro finance to non-governmental organization (NGOs) for lending to SHGs and ultimately to the micro entrepreneur.
2. Model II: - Banks provide direct financing directly to SHGs for on lending to micro entrepreneur.
3. Model III: - Banks finance directly to SHGs for on lending to micro entrepreneur with the intervention of NGO as social mobilizes and facilitators.
4. Model IV: - The fourth model envisages bank loans directly to individual members of SHGs upon recommendations of the SHGs and NGO. In this case, the NGO assists the Bank in monitoring supervising and recovery of loans.

1.2 Participation of women in SHG⁵

SHG can be formed all women group, all men group, or even a mixed group. However, Over 90% of these groups have only women members'. The SHG's are also popularly called DWACRA (development of women and children in rural areas) programme through which women's groups were assisted initially.

⁴ **Ghadoliya. M.K;** Empowering Women Through Self -Help Groups: Role Of Distance Education

⁵ *Journal of commerce and management thought, vol. 1, No 4, Oct-Dec 2010*

The SHG are taking small loans out of the corpus, available with the groups. The group's corpus consists of savings, government assistances and also back loan. Micro finance covers all types of micro products and micro services targeted at the poor population. SHG would essentially from for the purpose of empowering the poor to take charge of critical decisions concerning their lives and improve its qualities. Women participation in SHG in its various activities is important for meeting out the broad objectives of micro financing and effective functioning of SHG.

1.3 Objectives of this paper

2. To highlight the areas where the women SHGs have impact for socio economic development.
3. To study the SHGs activities in the study area and their present Scenario.
4. To study the financial scenario of SHGs.
5. To diagnosis the problems they faced in the financial inclusion in the study area.

1.4 The schemes available for women empowerment through SHGs

A revolving fund is a fund or account that remains available to finance an organization's continuing operations without any fiscal year limitation, because the organization replenishes the fund by repaying money used from the account. Revolving funds have been used to support both government and non-profit operations.

In the case or revolving funds for a government project whose budget goes through annual parliamentary or other legislative appropriations that relate to a fiscal year then the unutilized balance may lapse after the close of the financial year. However it is restored the next year provided the agency concerned includes the amount in next year's appropriation.

For ensuring financial viability of SHGs, the state government has been

providing separate budget allocation to meet the Revolving fund requirement of groups @ Rs.25,000 (Rs. 10,000/- subsidy + Rs. 15,000/- loan) to each group. This is in addition to Government of India grant under SGSY.

Swarnajayanti Gram Swarajgar Yojana (SGSY)

It is an initiative launched by the Government of India to provide sustainable income to poor people living in rural areas of the country. The scheme was launched on April 1, 1999.

The SGSY aims at providing self-employment to villagers through the establishment of Self-help groups. Activity clusters are established based on the aptitude and skill of the people which are nurtured to their maximum potential. Funds are provided by NGOs, banks and financial institutions.

The SHGs created may have a varying number of members based on the terrain and physical abilities of the members. It goes through three stages of creation:

- Group formation
- Capital formation through the revolving fund and skill development and
- Taking up of economic activity for skill generation.

The SHGs are usually created by selecting individuals from the below poverty-line (BPL) list provided by the Gram sabha. The SHGs are divided into various blocks and each of these blocks concentrated on 4-5 key activities. The SGSY is mainly run through government-run DRDAs with support from local private institutions, banks and Panchayati raj institutions.

The Government also assists villagers in marketing their products by organizing melas or fairs, exhibitions, etc.

Special Projects for Placement Linked Skill Development of Rural Youths under Aajeevika (NRLM)

The objective of each Special Projects for Skill Development would be to ensure a time-bound training and capacity

building programme delivered by a Project Implementing Agency (PIA) for bringing a specific number of Below Poverty Line (BPL) families above the poverty line through placement ensuring regular wage employment. The Institutions of the poor – SHGs, their federations and livelihoods collectives – provide the poor the platforms for collective action based on self-help and mutual cooperation. They become a strong demand system on behalf of the poor. They build linkages with mainstream institutions, including banks, and Government departments to address their livelihoods issues and other dimensions of poverty. These institutions provide savings, credit and other financial services to meet their priority needs, including consumption needs, debt redemption, food and health security and livelihoods. Under this scheme the groups are formed with only 10 members and with 10 groups make a federation for skill development.

1.5 Role of SHGs in economic Development⁶

➤ Saving and Financial Decision Making:

One of the primary benefits of participation in a SHG is the opportunity to save regularly, access formal savings institutions and participate in the management of these savings. They save regularly, have their own bank accounts and make deposits into these accounts. SHG is having a good impact on members, in their ability to save their hard earned money.

➤ Access to credit:

A corollary of participation in SHGs is an improvement in a woman's access to

⁶ Sundaram. A; **Impact of Self-help Group in Socio-economic development of India;** Associate Professor, Dept. of Economics, Gov.t Saiha College, Affiliated to Mizoram University, Saiha, Mizoram, North East India-796901

credit. Since the project is perhaps too early in its implementation to directly improve women's access to credit. The financial mobility due to participation in the SHG has led to an improvement in the quality of life, according to some of the successful groups.

➤ **Employment:**

The implementation of SHG has generated Self-employment opportunities for the rural poor. The program helped many participants in improving their economic conditions. Another good accomplishment of the program is that it has adopted the SHG strategy.

➤ **Decision-making within the household:**

The social impact of the SHG program increased involvement in Decision-making, awareness about various programs and organizations, increased access to such organizations, increased expenditure on Health and Marriage events, there is a Change in the attitude of male members of the families, now they are convinced about the concept of SHG and encourage women to participate in the meetings and women reported that they have savings in their name and it gives them confidence and increased self-respect.

➤ **Communication Level of Members:**

Microfinance movement is having a good impact on members, in their ability to express their feelings and has made people more confident to express themselves.

➤ **Self Confidence among Members:**

The group formation brought out the hidden talent and leadership qualities among the members. Therefore, it can be concluded that after joining the SHG the members have improved their status in family, become helpful in family finance

and sometimes helped others too. Now, most of the SHG people feel that they get more respect; not only in the village, but our own family members treated us more respectfully.

➤ **Frequency of Interaction with Outsiders:**

Members generally, got lesser opportunity to interact with bankers, Government officials, NGOs and others in the Pre-SHG period. It can be seen that in the Pre SHG period 25 per cent of the members were not interacting with officials whereas after associating with SHGs, 91 per cent members had interacted with the outsiders and out of total 44 per cent have interacted more than 4 times with outsiders. This interaction helped them to articulate their problems and improved their self-confidence.

1.6 Rational of the study:

The researcher is taken the topic of empowering women by enhancing their access to financial services with special references Ujani Majuli Development block. Women empowerment is the most important issues in today's era. In North-east there are huge scope for economic developments and this is possible only when empowerment of women is possible through enhancing their access through financial services.

1.7 Methodology:

The researcher used both primary and secondary sources for data collection. Primary data are collected from the members of SHGs through personal interviews. For secondary data the researcher used govt. reports, journals and different websites available in internet. This paper focuses only on women SHGs in the study area. The analyses are done with the help of table, diagrams and figures. Here percentage and mathematical formula are used by the researcher.

1.8 Area and scope of the study:

Name of the area Ujani Majuli Development Block

Population 1, 53, 362 (as of 2001)
Density 300 /km² (800 /sq mi)
Ethnic groups Misings, Deoris and Sonowal
 Kacharis
Block 2 blocks

The study is done about the various schemes available for women empowerment through SHGs in the Ujani Majuli Development Block under Jorhat

District. The various problems faced by SHGs in the study are also done in this paper. The Block comprise of 5 panchayates.

1.9 ANALYSIS AND INTREPRETATION OF DATA

Tabulation, diagrammatic presentation and interpretation of data

1. Branches of bank that finance to SHGs

The SHGs are financed by four branch bank. These shown clearly in the table

Table 1

Branches of bank	Coverage of SHGs	% of SHGs
Nayabazar, Branch AGVB	370	37
UCO Bank, Branch Jangrai Mukh	250	25
SBI branch, Garamur	200	20
Garamur, Branch AGVB	180	18
Total	1000	100

Sources: Ujani Majuli Development Block Co-ordinating SHG

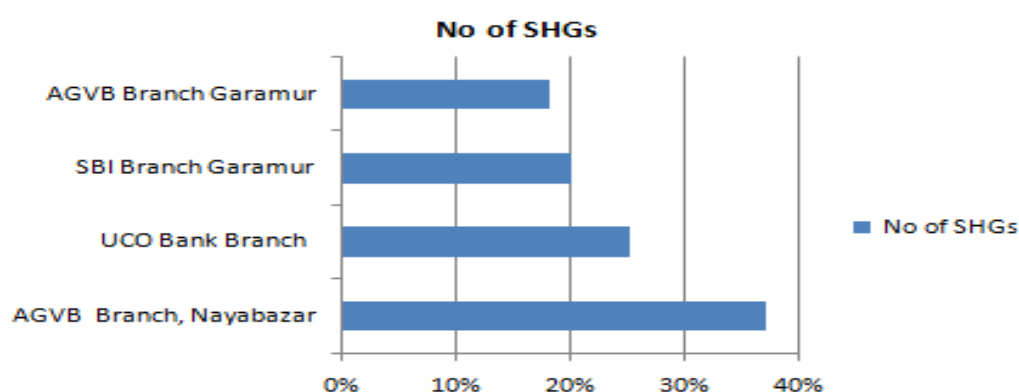


Figure 1

Interpretation: From this table the researcher observed that more SHGs are financed by Nayabazar, AGVB branch about 370 SHGs. Followed by UCO Bank

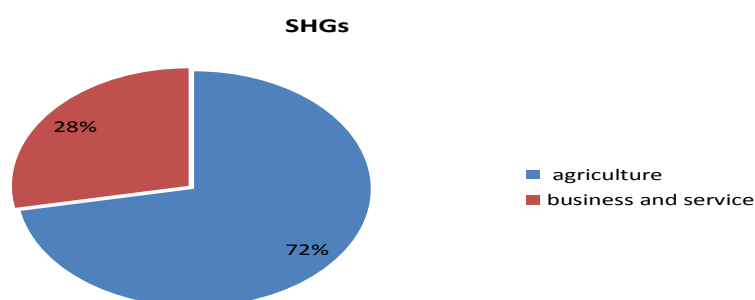
branch Jangrai Mukh about 250, SBI Branch Garamur 200 and AGVB Branch Garamur 180 SHGs.

2. Activities of different SHGs

Table 2

Sl. No	Particulars	No of groups	%
1.	Agricultural and related activities	720	72
2	Business and services	280	28
	Total	1000	100

Sources : Ujani Majuli Development Block Co-ordinating SHG
Figure



Interpretation: There are highest no of SHGs are engaged in agricultural related activities and less no of SHGs are engaged in other business and service related activities

Major SHGs are women SHGs formed in the block. Following table gives the statistics of ratio of male and female SHGs.

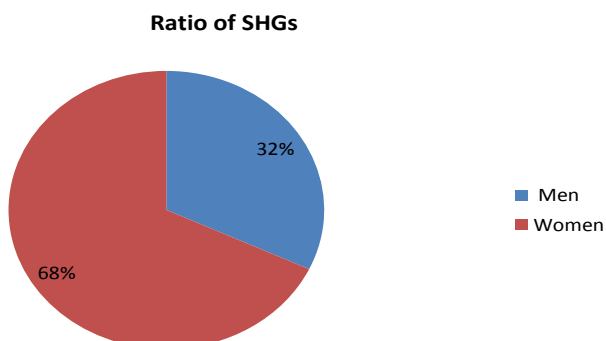
3. Gender ratio of SHGs

Table 3

Sl. No.	Particulars	No of SHGs	%
1.	Male	320	32
2.	Female	680	68
	Total	1000	100

Sources: Ujani Majuli Development Block Co-ordinating SHG

Figure 3



Interpretation: From the above table it is found that 32% SHGs are male and 68% are female SHGs.

The groups received finance under the scheme of Revolving Fund and SGSY are as follows in the Block.

4. No of SHGs received finance (only women SHGs are taken into consideration)

Table 4

Sl.No.	Particulars	2009-10	2010-11	2011-12
	No of SHGs received finance	61	68	73

Sources : Ujani Majuli Development Block Co-ordinating SHG

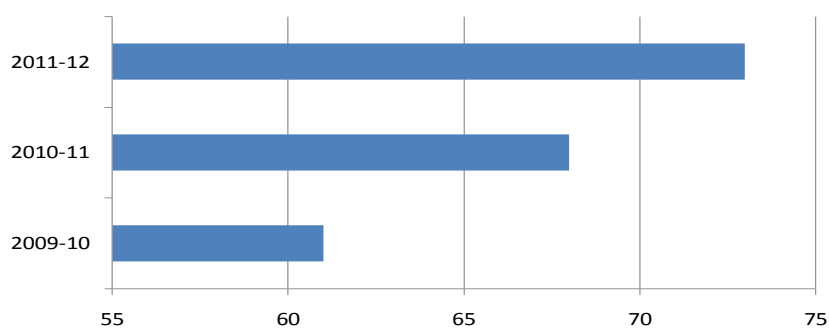


Figure 4

Interpretation: From the table it is clear that the no of SHGs are increased year by year who received financed under SHGs schemes.

Finance received by SHGs in the block is also in a good position. Following table shows the preceding 3 years financial statistics.

5. Statistics of finance received in 3 preceding years (only women SHGs are taken into consideration)

Table 5

Sl. No	Particulars	2009-10	2010-11	2011-12
1.	Finance received	37,75,000	42,50,000	46,00,000
2.	Subsidy received	10,60,000	11,90,000	12,85,000
3.	Loan amount	27,15,000	30,60,000	33,15,000

Sources : Ujani Majuli Development Block Co-ordinating SHG

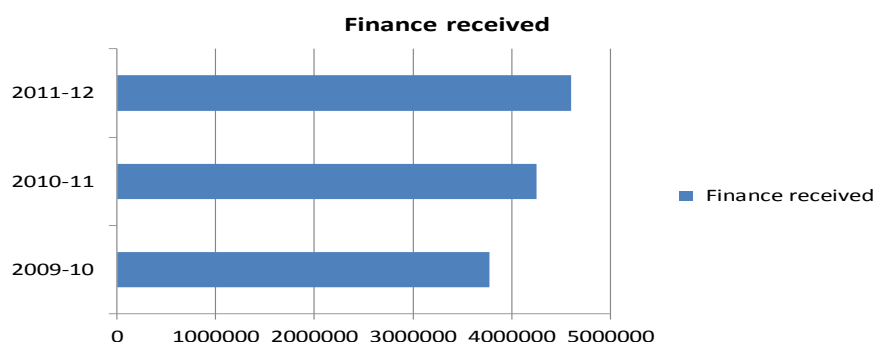


Figure 5

Interpretation: From the table it is observed that the finance received by SHGs is increased gradually year by year.

2.1 FINDINGS:

1. In the study area there are about 1000 SHGs are yet registered in four branches of different Bank. And among them 32% are male and 68% are female SHGs.
2. The SHGs are involves in Agricultural activities as well the business and service sector.
3. The SHGs are getting a healthy finance from the branches. The finance received under the revolving fund and SGSY are in a good position.

4. Before coming self Help Group in this Block some farmers were mortgages their land because of poverty and employment. After 201 when SHGs were came people are encourages for performing such activities for developing their economic conditions so that they recover land from land owners.
5. Another development of people are among habits of deposits are increased accordingly.
6. They become aware about their rights and obligations.
7. Through SHGs there are increases per-capita incomes of members of each group.

Some problems are found in the study area are as follows:

1. Lack of marketing information
2. Lack of supportive forces
3. Lack of adequate marketing practices.
4. Lack of transport facilities.
5. Problems in pricing policies
6. Inadequate storage facilities.
7. Lack of coordinating between SHGs.
8. Problem of floods.

2.2 Suggestions to promote Financial Inclusion

- ✓ SHG banking may be allowed to function as core banking activity without any outside interference like target fixing, interest cap, loan size, etc.
- ✓ The Government may promote quality SHGs through village/ cluster level; sub-district/ block level and district level federations.
- ✓ Wherever banks are not accessible or not responsive, federations may be prepared to take up financial intermediation
- ✓ Promoting agencies play a crucial role in developing quality institutions. Promoting agencies may be given adequate financial and capacity building resources and timeframe.
- ✓ Promoting agencies should have a clear role transformation strategy and should implement the same in letter and spirit
- ✓ NRLM may work on sensitization and orientation to bankers about the commercial value of SHG banking.
- ✓ NRLM may understand the banks' concerns such as quality of groups, political interference in functioning of federations, wrong signals like loan waivers, etc and address them.

2.3 CONCLUSION:

Self-help groups are generally facilitated by NGOs, and increasingly advise and train members in a variety of on- and off-farm income-generating activities. Indeed, in a number of recent projects, NGOs were substituted by trained facilitators and animators drawn from self-help groups. Through promoting self-help

group, IFAD-funded projects have contributed to improving the overall status of women in terms of income, empowerment, welfare, etc.

In the Rural Women's Development and Empowerment Project, for example, 90 per cent of the beneficiaries reported increased access to and control over resources such as land, dwellings and livestock.

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