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# Role of micro finance in the empowerment of rural women- Dibrugh District of Assam

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## **Abstract**

*A most notable milestone in the SHG movement was when NABARD launched the pilot phase of the SHG Bank Linkage programme in February 1992. This was the first instance of mature SHGs that were directly financed by a commercial bank. The informal thrift and credit groups of poor were recognized as bankable clients. Soon after, the RBI advised commercial banks to consider lending to SHGs as part of their rural credit operations thus creating SHG Bank Linkage. The linking of SHGs with the financial sector was good for both sides. The banks were able to tap into a large market, namely the low-income households, transactions costs were low and repayment rates were high. The SHGs were able to scale up their operations with more financing and they had access to more credit products (Reddy and Manek, 2005). This paper seeks to examine the impact of micro finance with respect to poverty alleviation and socioeconomic empowerment of women. By supporting women's economic participation, microfinance helps to empower women, thus promoting gender equality and improving household wellbeing. To study the role of micro finance and self help groups (SHG's) in the empowerment of women, two development blocks were selected namely Tingkhong and Joypur development blocks. Out of these two development blocks all total of 22 SHG's were selected for the present study and out of these 22 SHG's 110 respondents were selected to conduct the research programme. Tabular analysis is used here to analyse the data which is collected from field survey report.*

**Key words:** 1. Micro finance, 2. Self help groups (SHG), 3. National bank for agricultural, 4. Rural development (NABARD), 5. Women, 6. Development blocks, and 7. Poverty alleviation.

## **1. Introduction**

The micro finance programme in India is popularly known as the self help group –bank linkage programme and National Bank for Agriculture and Rural Development (NABARD) sponsored self help group -bank linkage programme is the single largest micro finance programme in the world. Along with an alternative source of credit, presently microfinance is also seen an instrument to alleviate poverty and empowerment of women in rural areas. Especially when Md.Yunus won the Nobel Peace Prize, the belief on micro finance as an instrument to eradicate poverty and empower women has increased tremendously (Bujar Baruah, 2012).

## **2. Objectives of the study**

The broad objective of the study is to study the impact of self help groups in promoting women's empowerment in the study area. However, the study has some specific objectives. They are:

- 2.1 To examine socio-economic condition of the respondents.
- 2.2 To analyse the savings and credit dimensions of the respondents.

- 2.3 To examine the functioning and performance of self help groups in the district.
- 2.4 To suggest appropriate measures for the effective performance of self help groups in the district.

### 3. Research methodology

3.1 **Study area:** The present study was conducted in the Dibrugarh district of Assam. This district is familiar to the researcher. Thus this district has been purposively selected for the study. From the district two development blocks namely Tingkhong and Joypur development blocks were selected for the present study and out of these two blocks twenty-two (22) self help groups(SHG's) have been selected and out of these twenty-two(22) self help group's(SHG's) 110 respondents were taken out to conduct the present study.

### 3.2 Sources of data:

This study is based on both primary and secondary data. Primary data were collected by conducting a field survey in the district. An individual questionnaire was prepared for these self help group members.

To supplement the primary data secondary data were collected from official sources, reports, statistical handbook of Assam, published and unpublished data etc.

## 4. Analysis

### 4.1 Socio economic profile of the respondents

Women's general education and literacy are important if they are to reach their full potential and become empowered. Illiteracy creates a situation of dependency on others that can limit an individual's prospects for empowerment. Many micro finance institutions have found illiteracy to be a major stumbling block for their clients. Thus it is important to increase literacy rates among the women folk.

**Table: 1**  
**Classification of respondents based on their educational qualification**

Educational qualification	No. of respondents	Percentage (%)
1	2	3
1.HSLC	56	50.9%
2.HS	34	30.9%
3.Degree	18	16.3%
4.Post-graduation	2	1.8%
5.Total	110	100%

Source: Field survey data.

From the table (1), it is clear that majority of the respondents are of matriculation level, it accounts for 50.9 percent, 30.9 percent are of HS level, 16.3 percent are of degree level and only 1.8 percent of the respondents are of post graduate level.

**Table: 2**  
**Classification of the respondents based on their occupational background**

Occupational background	No. of respondents	Percentage (%)
1	2	3
1.Agriculture	32	29.0%
2.Housewife	48	43.6%
3.Business	17	15.4%
4.Others	13	11.8%
5.Total	110	100%

Source: Field survey data.

From the table(2), we have seen that among 110 respondents, 29 percent respondents are related to agriculture, 43.6 percent are of housewives, 15.4 percent are of business women and 11.8 percent others. Thus, majority of the respondents are of housewives.

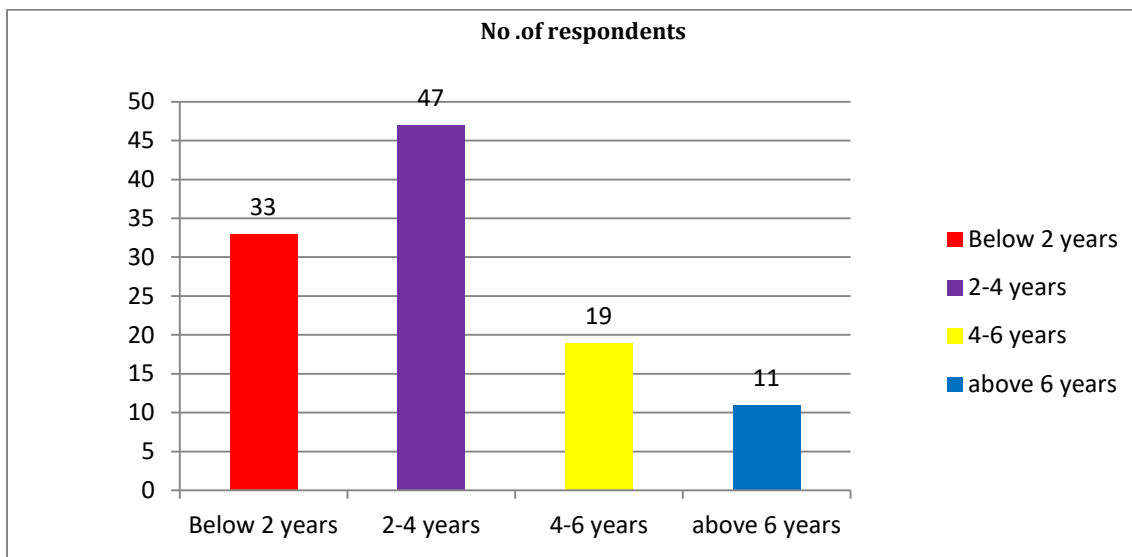
The main aim of microfinance is to empower women. Women make up a large proportion of microfinance beneficiaries. Traditionally, women (especially those in underdeveloped countries) have been unable to readily participate in economic activity. Microfinance provides women with the financial backing they need to start business ventures and actively participate in the economy. By joining in the self help groups, it gives them confidence, improves their status and makes them more active in decision making, thus encouraging gender equality (Sarumathi and Mohan).

**Table: 3**  
**Respondents based on linking with the self help group (SHG's)**

No. of years respondents link with the SHG's	No. of respondents	Percentage (%)
1	2	3
1.Below 2 years	33	30.0%
2.2-4 years	47	42.7%
3.4-6 years	19	17.2%
4.Above 6 years	11	10.0%
5.Total	110	100%

Source: Field survey data.

**Figure: 1**  
**Respondents based on linking with the self help group (SHG's)**



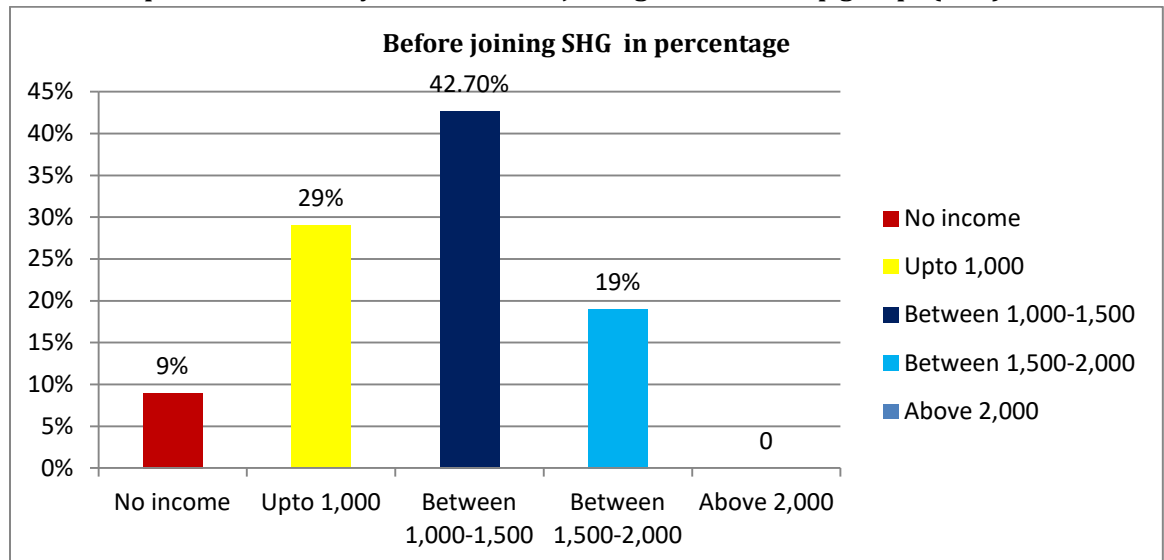
Analysis of the contents of the table (3) shows that in less than 2 years 30 percent of respondents have joined SHG's, 42.7 percent of respondents are working with SHG's from 2-4 years, 17.2 percent of the respondents are working with SHG from 4-6 years and remaining 10 percent of respondents are working with SHG's from above 6 years.

**Table: 4**  
**Respondent's monthly income before joining in the self help groups (SHG)**

Monthly income	Before joining SHG (No. of people)	Percentage (%)
1	2	3
1.No income	10	9%
2.Upto 1,000	32	29%
2.Between 1,000-1,500	47	42.7%
3.Between 1,500-2,000	21	19%
4.Above 2,000	-----*	-----*
5.Total	110	100%

Source: Field survey data, Nil\*

**Figure: 2**  
**Respondent’s monthly income before joining in the self help groups (SHG)**



Above 2,000—Nil.

It is inferred from the table (4), that before joining SHG 9 percent of the respondents had no income and none of the respondents had income more than Rs. 2,000.

**4.2 Savings and credit dimensions of the respondents in the self help groups(SHG)**

Self help groups are small voluntary associations of people and are mostly based in rural areas. The number of members of a SHG ranges from 10 to 20. These people from SHG with motivation to increase their earning and savings. Small savings are made by SHG’s through the contributions of the members for some periods. These savings are then used by these groups for lending to their own members or to the others for any purposes (Basumatary and Boro, 2012). Thus, SHG’s are formed with the idea of mobilizing small savings from the members.

**Table: 5**  
**Respondents based on their savings per month**

Savings per month (in Rs.)	No. of respondents	Percentage (%)
30-50	49	44.5%
50-70	31	28.1%
50-70	17	15.4%
70-90	13	11.4%
90-110	110	100%

Source: Field survey data.

The table (5) reveals that 44.5 percent of the members save Rs.30-50 per month, 28.1 percent of the members save Rs.50-70, 15.4 percent of member’s savers.70-90 per month and the remaining 11.8 percent of members save Rs.90-110 per month. Thus majority of the respondents save Rs.90-110 per month. Thus majority of the respondents save Rs. 30-50 per month, which clearly indicates their poor economic condition.

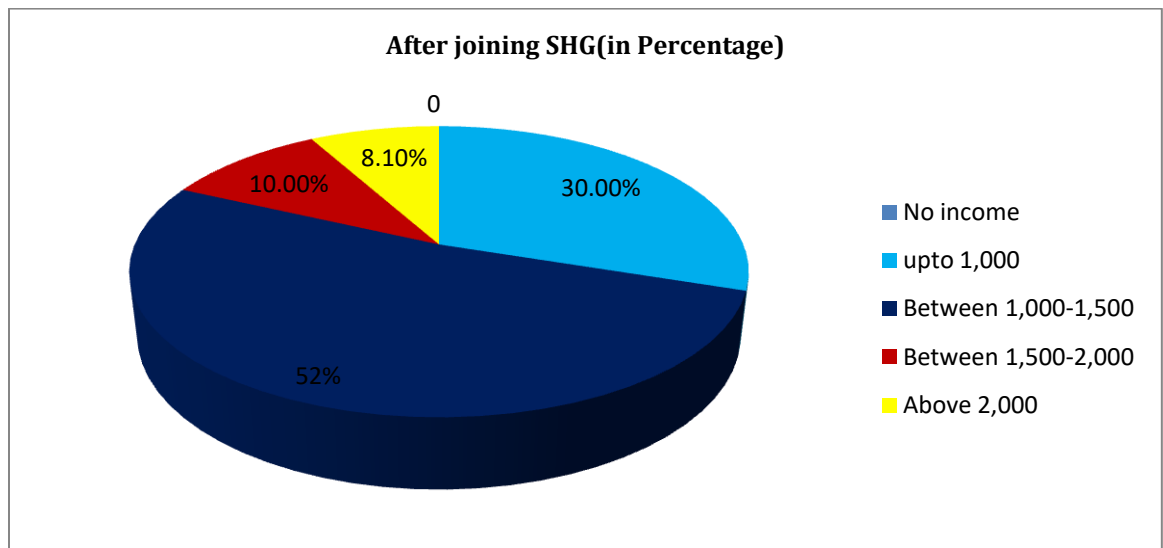
After joining self help groups there is no respondent without any income and 9 percent of the respondents closed their income level above Rs. 2,000/-as shown in table (6).

**Table: 6**  
**Respondent’s monthly income level after joining self help group (SHG)**

Monthly income	After joining SHG	Percentage (%)
1.No income	----*	-----*
2.Upto 1,000	33	30%
3.Between1,000-1,500	57	51.8%
4.Between1,500-2,000	11	10%
5.Above 2,000	9	8.1%
6.Total	110	100%

Source: Field survey data. Nil\*

**Figure: 3**  
**Respondent’s monthly income level after joining self help group (SHG)**



No income. Nil.

The income levels of the respondents have increased and with the help of increased income level they could overcome poverty. Thus, SHGs are not treated as financial system but they are formed with a view to social and economic change of the rural people especially for the rural women.

Loan facility is available for all the members without any restriction. Table (7) clearly indicates that 100 percent of the respondents have taken loans from SHG’s.

**Table: 7**  
**Respondents based on loans /subsidy taken**

Loan/subsidy	No. of respondents	Percentage (%)
1.Yes	110	100%
2.No	-----	-----
3.Total	110	100%

Source: Field survey data.

The utilization of loan itself will determine whether micro-finance programme is contributing toward empowerment of women or not. If the loan taken from the SHG is invested in some productive activity then surely it is contributing towards alleviation of poverty and empowerment of women. But simply if the loan amount is spent on current consumption, then it may deteriorate the economic condition of the women.

**Table: 8**  
**Respondents based on subsidy /loan utilized**

Subsidy utilized	No. of respondents	Percentage (%)
1.Agriculture	20	18.2%
2.Poultry activities	8	7.3%
3.Piggery	25	22.7%
4.Weaving	12	10.9%
5.Family expenses	45	40.9%
6.Total	110	100%

Source: Field survey data.

Table (8), indicates that 31.8 percent of the respondents are utilizing subsidy amount for agriculture activity, 7.2 percent of the respondents utilizing subsidy amount for poultry firms activities, 10.9 percent respondents are using subsidy amount for weaving and remaining 50 percent are utilized for family expenses. Most of the members who took loan for agricultural expenditure are mainly cultivators and wage employed. They repaid the loans from wage income. Those female members who took loans for weaving repaid the loan either from their family income or return from weaving.

## 5. Major findings of the study

- 5.1 Majority of the respondent's educational background is matriculation level.
- 5.2 Most of the respondents are house wives which accounts for 43.6 percent.
- 5.3 42.7 percent of respondents have joined SHGs in 2-4 years.
- 5.4 It is inferred that before joining SHG 9 percent of the respondents had no income and none of the respondent had income more than Rs. 2,000/-.
- 5.5 But after joining SHG there is no respondents without any income and 8 percent of the respondents closed their income level above Rs. 2,000/-.
- 5.6 44.5 percent of respondents save their money for at least Rs.30-50 per month.
- 5.7 The results show that the average monthly income of the households increased significantly in post SHG situation.



- 5.8 Majority of the respondents have taken loans/subsidy from SHGs.
- 5.9 Majority of the respondents are utilizing the subsidy or loan for family expenses.

## 6. Suggestions

- 6.1 The Government and NGO's should have to take necessary steps to popularize the benefit of micro finance programme among the poor women in rural areas of Assam.
- 6.2 Literacy and numeric training is needed for the poor women to get benefits from the micro finance credit schemes.
- 6.3 The bank should advance adequate credit to the SHG according to their needs. Uniformity should be maintained in formation and extension of financial assistance to them by banks in all blocks.
- 6.4 The procedure of the banks in sanctioning credit to SHG should be simple and quick.
- 6.5 Meetings and seminars are to be organized on a regular basis where the members will get a chance to exchange their views and be able to develop their group strength by interactions.
- 6.6 A large number of self help group members are using subsidy for unproductive purposes like, household expenses, marriage, festivals etc. But the banks and financial institutions should make some strict rules and regulations in utilizing the amount for the productive.

## Conclusion

Towards this end, delivery of micro finance to the micro enterprises plays a significant role. Women with low income and lack of knowledge of available banking facilities can do little for the growth of banking habits on their own. As poverty alleviation is the ultimate goal of any nation, studies have shown that the delivery of micro finance to the poor is productive, effective and less costly, if they are organized into SHGs. Self –employment, which is the best employment in the wake of paucity of employment opportunities is emerging to be a very important source of livelihood for women. The SHG movement in India in general and Assam in particular has metamorphosis the rural economic scenario perceptibly. Thus as a supplementary source of family income the SHGs provided to be a boon to the women folk not only in enhancing their financial status but also promoting entrepreneurship among them.

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