

MICROFINANCE THROUGH SELF HELP GROUPS AND RURAL WOMEN EMPOWERMENT IN RANCHI DISTRICT

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Abstract: The voluntary association of 10-20 persons in SHGs with a common interest has proved to be an effective instrument for procuring microfinance by the rural women of Ranchi district leading women empowerment in the district. Muhammad Yunus, the founder of Grameen Bank of Bangladesh believed that making small loans available to a larger population could stimulate businesses and reduce rural poverty. Grameen Bank is successfully working with a repayment rate of 99.6% of which 97% of borrowers are women. Savings of the rural women are not bankable due to lack of collateral securities, guarantor, steady employment and uncertain agricultural production. SHGs have proved to be an effective mechanism for providing microfinance to impoverished people specially the rural women. SHG Bank Linkage Programme carried out by National Bank for Agriculture and Rural Development (NABARD) is the most important initiative by the Government of India in Microfinance to alleviate rural poverty. It combines the advantages of both formal and informal financial institutions and has proved to be an emerging source of microfinance resulting in the socio-economic development of women. SHGs helping rural women to get microfinance for different purposes have become more resourceful with SHG Bank Linkages and helping the rural women to become entrepreneurs. Being entrepreneurs, they are earning a livelihood for themselves and their families. They are even providing employment to a large group of women and men in the villages and helping the Government in eradicating poverty, unemployment, insecurity etc. Women are becoming self-dependent and powerful decisions are being taken by themselves bringing socio economic changes in Ranchi District of Jharkhand. The present study is placed in the context to examine the different SHG's working in the Ranchi District of Jharkhand state and their work in the area of providing microfinance. The paper seeks to explore the various programmes run by the SHGs for women empowerment in the district. The paper put emphasis on the relationship between the availability of Microfinance and Rural women empowerment of Ranchi District. This paper highlights how rural women empowerment can be achieved through Self Help Groups by providing them microfinance.

Keywords: Microfinance, Self Help Group, Women Empowerment, Grameen Bank, Revolving Fund, Business Correspondence Sakhi.

Introduction

Women play an integral role in the development of our country. We cannot think of the development of a country without the development and empowerment of women. Indian women suffer from a lot of socio-economic problems. People of the rural area are impoverished and lack education, health and infrastructure facilities. Women living in the rural area are much deprived of different facilities provided by the Government due to lack of family support and awareness. According to census 2011, 48.70% of the total population are women in Ranchi District of Jharkhand. Out of total population 56.86 % belongs to rural areas and among them 49.27% are women living in the villages of Ranchi Districts which shows that the development of Ranchi District cannot be achieved by any means unless and until we take proper steps for the development of these rural women. Empowerment of rural women may lead Jharkhand to stand as a pioneer state in women empowerment in India and this definitely will contribute to the country's development. A Rural woman, individually, lacks knowledge and information together with lack of finance and becomes weak and helpless, but in a group, they are empowered to overcome many of these shortcomings. Hence, the role of SHGs is

SHGs have emerged as a life-changing mechanism for the rural women providing them with a platform to live an independent life with self-esteem and dignity. We can easily see a group of 10 -20 members forming a self help group conducting their meetings twice or thrice a week in the villages of Ranchi. They contribute their small savings regularly and the contribution made by the members are efficiently used by them and very helpful at the time of unfavourable situations or emergencies. Members generally contribute ₹10 to ₹50 per month. Thus, it serves as a cost- effective delivery mechanism to its members for small credits. It creates a habit of saving with ease among the members. The SHGs put the collected fund in banks and qualify for loans with which they can start any productive work. We can find numerous examples where SHGs have helped their members in emergency and need. SHGs are working in the field of empowering women by self-employment and other work. The concept of microfinance was enunciated by Muhammad Yunus, the Nobel peace prize winner from Bangladesh. He founded Grameen Bank of Bangladesh in 1976 believing that making small loans available to a larger population could stimulate businesses and reduce rural poverty as people have endless potential and creativity which can help them to fight poverty. It works on the principle that microcredit is a better option to interrupt and eradicate poverty than charity. The bank is successfully working with a repayment rate of 99.6%. Amongst the borrowers about 97% borrowers are women. Microfinance in India promotes socio Economic development at the grass root level. It provides livelihood training to impoverished rural people. It has become a powerful instrument to empower and mainstream women specially the women living in the villages. National Bank for Agriculture and Rural Development (NABARD) is the most important initiative by the Government of India in Microfinance to alleviate rural poverty and achieve rural development leading to the reduced regional disparity. SHGs play a vital role in providing microfinance. It has become an important instrument to provide microfinance to its members. Presently most of the SHGs are being run by women. Women are becoming self-employed and self-reliant through SHGs. They are finding the solutions to their economic as well as social problems on this stage.

Objectives of the study

The main objectives of the study are:

- ❖ To study the performance of Self Help Groups in Ranchi District
- ❖ To know the saving habit of the members of SHGs
- ❖ To know the different activities, they are engaged in
- ❖ To study the progress of bank linkage programme in Ranchi District
- ❖ To put an effort to study the social background of the members of SHGs of Ranchi District
- ❖ To study the concept of revolving fund and Community Investment Fund given to SHGs and the present status
- ❖ To put emphasis on the relationship between the availability of microfinance and Rural women empowerment

Review of Literatures

Dadhich (2001)¹ concluded that if microfinance is properly designed and implemented, it can help to alleviate poverty and empower women. Shylendra (2004)² reviewed the role of NABARD and other government organisations along with the SHGs in eradicating poverty. The author suggested for the widening of the SHG base by protecting their credibility and updating the skills of the members. Suryanarayana and Nagalakshmi (2005)³ through their paper exposed that more than 55 percent food production is made by rural women but still they are given a secondary status in the society They suggested that a much integrated and balanced development oriented strategy is required to overcome the drawbacks such as illiteracy, poverty, lack of gainful employment opportunities, lack of infrastructural facilities, etc. Indrabhushan Singh and Usha Kumari (2007)⁴ in their paper focussed on the economic empowerment of women through access to resources such as land and livestock, Micro-credit Programmes and formal financial system to provide small loans to the poor. Gitanjali and Nagabhushana Rao (2009)⁵ discussed the progress of Indian SHGs in their paper and concluded that the progress of the SHGs is satisfactory and promotes regular habit of saving, supplementing the institutional agencies in reaching the poor effectively. Ravindra (2010)⁶ in his study suggested different measures to overcome various problems faced by the SHGs such as high rate of interest on the bank loan,

illiteracy of the members, lack of leadership, the problem of marketing, old and outdated technology etc. Ramakrishna (2013)⁷ argued that SHGs play as the powerful instrument for women empowerment and eradication of poverty.

Microfinance Through Self Help Groups

A Self Help Group is a group of about 10 to 20 individuals from a similar class and region joining hands together to form savings and credit organization. They contribute the available financial resources to make small interest-bearing loans to their members. The process focuses on savings by the members. Most of the SHGs are run by women. A group of designated members frame the terms and conditions for sanctioning and accounting as accounting of the loans. Jharkhand is a State of Adivasi people and has enormous scope of development if a little effort is put forward in the development of women force. Women of Ranchi are very laborious. They are the pillars of the overall development of Ranchi District. They collect wood and leaves from the forest, make a variety of handicraft items, run shops, sale the products and earn money to manage their children and family. SHGs play a very important role in the upliftment of these women. They provide a stage where they can discuss their socio-economic problems and find solutions. By forming small groups in the form of SHGs they are strengthening themselves for adverse situations. They may run different such business very efficiently if they are provided with finance which the biggest obstacle in their development. The number of SHG in Ranchi district is increasing day by day which shows a developing trend in the rural areas. Traditional rural banking had several drawbacks like poor loan recovery, weak human resource etc. In order to overcome these problems, in February 1992, SHG bank linkage programme was launched by NABARD which proved as a milestone in the scene of microfinance. Under this programme, SHGs are linked with the formal banking sector. SHGs are tied up with various NGOs and Banks. The RBI advised commercial banks to consider lending to SHGs as part of their rural credit operations thus creating SHG Bank Linkage Banks were allowed to open saving accounts for Self Help Groups. They work in the fields, go to market to sell their products, loans to the SHGs. It may be several times of the amount deposited by the SHGs with the bank. As per RBI's priority sector lending norm, bank credit to members of SHGs is eligible for priority sector advance under respective categories such as agriculture, micro, small and medium enterprises, social infrastructure and others. No Frills Account has also encouraged the rural women to save according to their capacity. Till now Most of the SHGs of Ranchi Districts have been linked with banks. The following table shows the number of SHGs working in different blocks of Ranchi District:

Fig.1 SHGs linked to Banks in Ranchi District

S.No.	Block Name	Total SHGs	SHGs with bank account	%
1	ANGARA	1381	1234	89.35%
2	BERO	725	500	68.96%
3	BUNDU	781	668	85.53%
4	BURMU	857	796	92.88%
5	CHANHO	714	448	62.74%
6	ITKI	233	87	37.33%
7	KANKE	694	500	72.04%
8	KHELARI	85	3	3.53%
9	LAPUNG	70	3	4.28%
10	MANDAR	272	70	25.73%
11	NAGRI	418	312	74.64%
12	NAMKUM	1451	1107	76.29%
13	ORMANJHI	1043	862	82.64%
14	RAHE	642	430	66.97%
15	RATU	684	437	63.88%
16	SILLI	1294	1157	89.41%
17	SONAHATU	806	714	88.58%
18	TAMAR	529	184	34.78%
19	TOTAL	12679	9512	75.02%

Source: <https://nrlm.gov.in> (October 2018)

In the above table we can see that out of 12679 SHGs working in Ranchi District, 75.02% SHGs have been linked with the banks. The maximum number of SHGs i.e. 1451 SHGs are working in Namkum block followed by Angara and Silli Block with 1381 and 1294 respectively. In the other side, we can see that Burmu is in the first position to link the SHGs with Bank account followed by Silli, Angara and Sonahatu. Khalari, Lapung, Mandar, Tamar and Itki are still far behind in this programme.

Microfinance has been a success with the help of SHGs in Ranchi. People of Ranchi Districts, specially the women, are being able to earn a regular income with the help of microcredit facilitated by SHG bank linkage. In Ranchi District, the rural women have become very active through Self Help Groups and have taken loans for different purposes like agriculture, animal husbandry, household consumption, income generation activities etc. Rural women of Ranchi are running grocery shops, mobile repairing shops, Xerox centres, vegetable shop, Electrical shops etc with the help of credit received through SHGs. Credit offered by SHGs may be a short term, medium term or long term loan. Loans are provided for productive purposes like agriculture, animal husbandry, opening different shops etc as well as consumption and other social purpose like for marriages, purchasing food grains, purchasing jewellery etc. Till know ₹ 933253077.1 has been disbursed as loans for various purpose in Ranchi District as shown below:

FIG.2 Loan purpose wise count and amount in Ranchi District

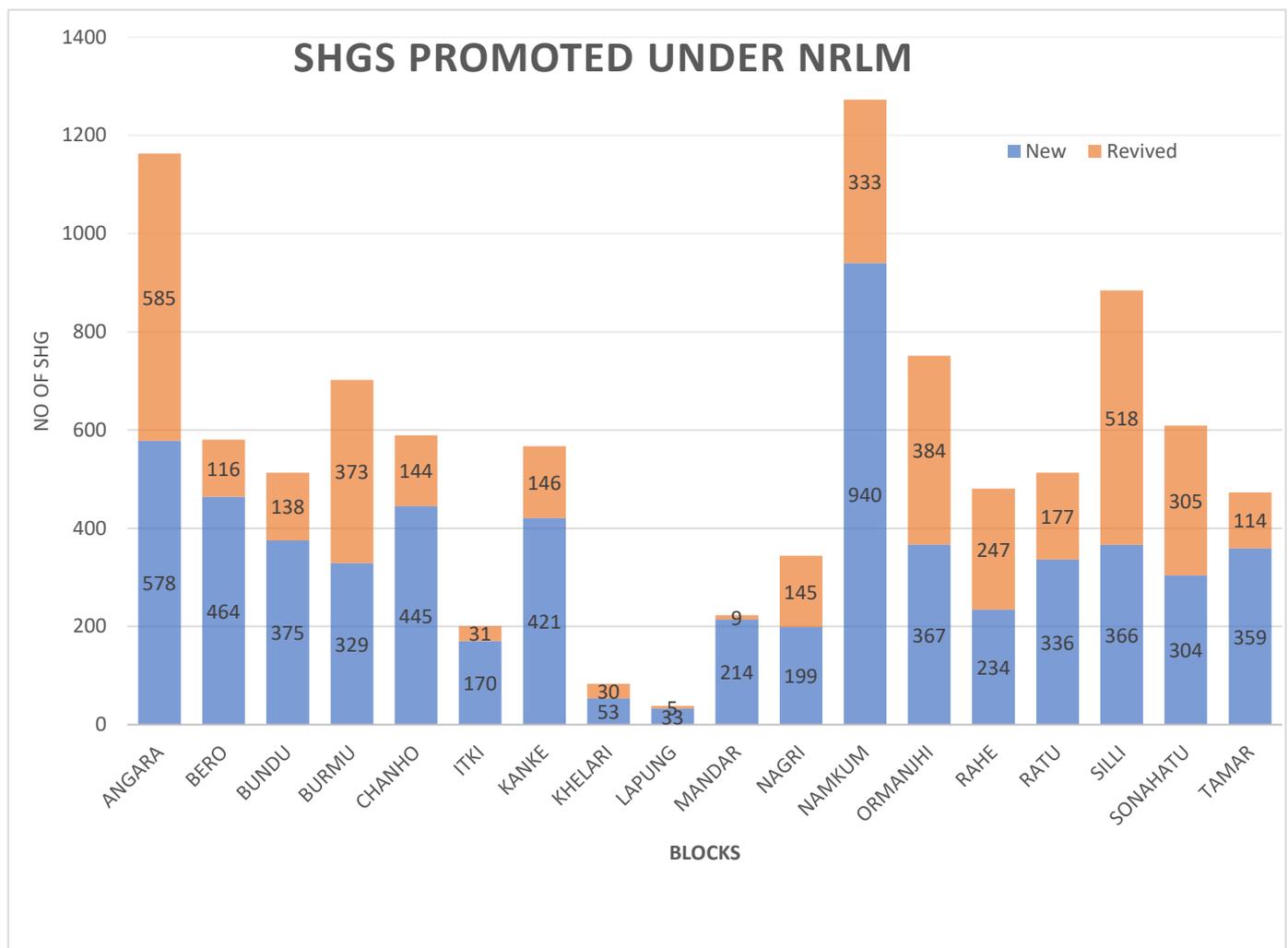
S. No.	Loan purpose	Count	Amount (₹)
1	Agriculture SRI	7904	27714802.0
2	Animal Husbandry-poultry	2470	17066495.0
3	Income Generation Activity-Agri Product Trading	455	3161962.0
4	Income Generation Activity-Mobile Repairing Shop	553	2739487.0
5	Household Asset -Construction of House	9323	67935720.0
6	Household Asset-Land Purchase	2160	5848182.0
7	HR loans	194	502500.0
8	Household Consumption-debt Redemption	896	3647530.0
9	Household Consumption-Health	33112	91706329.3
10	Social Occasions	458	1015335.0
11	Household consumption -Other	26926	71242799.1
12	Consumption	19856	42781643.0
13	Household Consumption-Festival	4581	8929753.0
14	Household Consumption-Education	20862	78730465.0
15	Household Consumption-Marriage	10450	60494868.0
16	Income Generation Activity-Petty Business	2407	28074150.0
17	Agriculture- Vegetable	4614	18785269.0
18	Agriculture-Agri Input	22655	98881442.2
19	Agriculture-Horticulture	3163	11948186.0
20	Agriculture-Others	26370	110294902.0
21	Animal Husbandry -Goatery	2575	14958303.0
22	Animal Husbandry-Piggery	1054	6613250.0
23	Animal Husbandry- Duck	782	2682125.0
24	Animal Husbandry-Dairy	1599	11591887.0
25	Animal Husbandry-Fishery	614	3664015.0
26	Animal Husbandry- Others	1231	9980340.0
27	Income Generation Activity-Grocery	300	4074649.0
28	Income Generation Activity-Tea Stall	78	594600.0
29	Income Generation Activity-Tailoring Shop	62	659141.0
30	Income Generation Activity-Cloth Shop	161	1872720.0
31	Income Generation Activity-Medical store	73	372306.0
32	Income Generation Activity-Electronic Repairing Shop	64	767600.0

33	Income Generation Activity-Stationery Shop	96	1352344.0
34	Income Generation Activity-Others	1890	20731692.0
35	Household Consumption-Purchase of food grains	1458	2650167.0
36	Household Consumption-Travel	1269	1437505.0
37	Other-Land Lease	46	656200.0
38	Other-Land/house mortgage	41	444190.0
39	Household Asset-Purchase of Vehicle	934	14133884.0
40	Household Asset-Purchase of Ornament	131	1063620.0
41	Household Asset-Purchase of Electronic Item	372	2304150.0
42	Household Asset-Purchase of Furniture	129	830950.0
43	Household Asset-Repairing of House	2353	15976432.0
44	Household Asset-construction of well	325	2686889.0
45	Household Asset-others	22349	59652298.5
46	Total	239395	933253077.1

Source: Swalekha, JSLPS (October 2018)

From the above table, we can see that the members have taken loan for various purposes. It has increased their earnings. They have taken credit for availing health facilities, construction of houses, well etc, starting a business, acquiring higher education, purchasing vehicles, jewellery and other products which shows that their status in the society is really improving. They are contributing in the development of Ranchi District and also in the development of India by making an addition to the production of goods and services. They are contributing to the GDP and National Income of India. The handicrafts made by the rural women in different blocks of Ranchi District are not only famous in India but they are exported to different countries and again adding to the foreign exchange reserve of the country. They are becoming self-employed and providing employment opportunities to others including men. Microfinance is an important tool of Financial Inclusion. It is necessary for the development of rural people with small but unavoidable needs. Availability of microfinance has increased the literacy rate in rural areas of Ranchi. It has helped to increase institutional delivery which again has decreased infant mortality rate and saved many women from dying. This has again decreased child labour in Ranchi. The women are now more conscious about their children's education and send their children to school instead of sending them to work. All these shows that microfinance is contributing in the women empowerment a lot. With small and easy credit, the women of Jharkhand are managing to earn livelihood for them and their family members. They are trained by different NGOs under different programmes run by the Government. Total 31240 SHGs have been promoted under Aajeevika programme under National Rural Livelihood Mission in Jharkhand. Total 9987 SHGs have been promoted under NRLM by the government of which 6687 are promoted in the current financial year 2018-19. The SHGs are provided with Revolving Fund and Community Investment Fund by the Jharkhand Government for capacity building by which the members of SHGs are largely benefitted. The Revolving fund is provided on the basis of the number of members in the SHG and their annual performance. Presently the SHGs are provided with ₹ 15000 as Revolving fund and ₹50000 as CIF in Ranchi District. The NGOs conduct training and development programmes on a regular basis. Jharkhand State Livelihood Society (JSLPS) was formed in the year 2009 as an autonomous society under the Rural Development Department, Government of Jharkhand. They elect and train the members to maintain accounting records. JSLPS appoints Business Correspondence Sakhi commonly known as Bank Didi who acts as a link between the bank and the poor people who generally avoid going to the bank for several reasons. Bank Didi motivates the village women to save and open accounts in the banks. She also makes them aware of different programmes run by the governments. She provides various facilities such as customer identification, account opening, cash deposits and withdrawals, transfer, Aadhaar seeding, pension distribution, etc. Women of Ranchi are becoming self-dependent and taking important decisions by themselves. SHGs are empowering women by making them financially strong. They are helping the government in eradicating poverty in rural areas. The table depicted below shows the number of SHGs promoted under NRLM in the various block of Ranchi district.

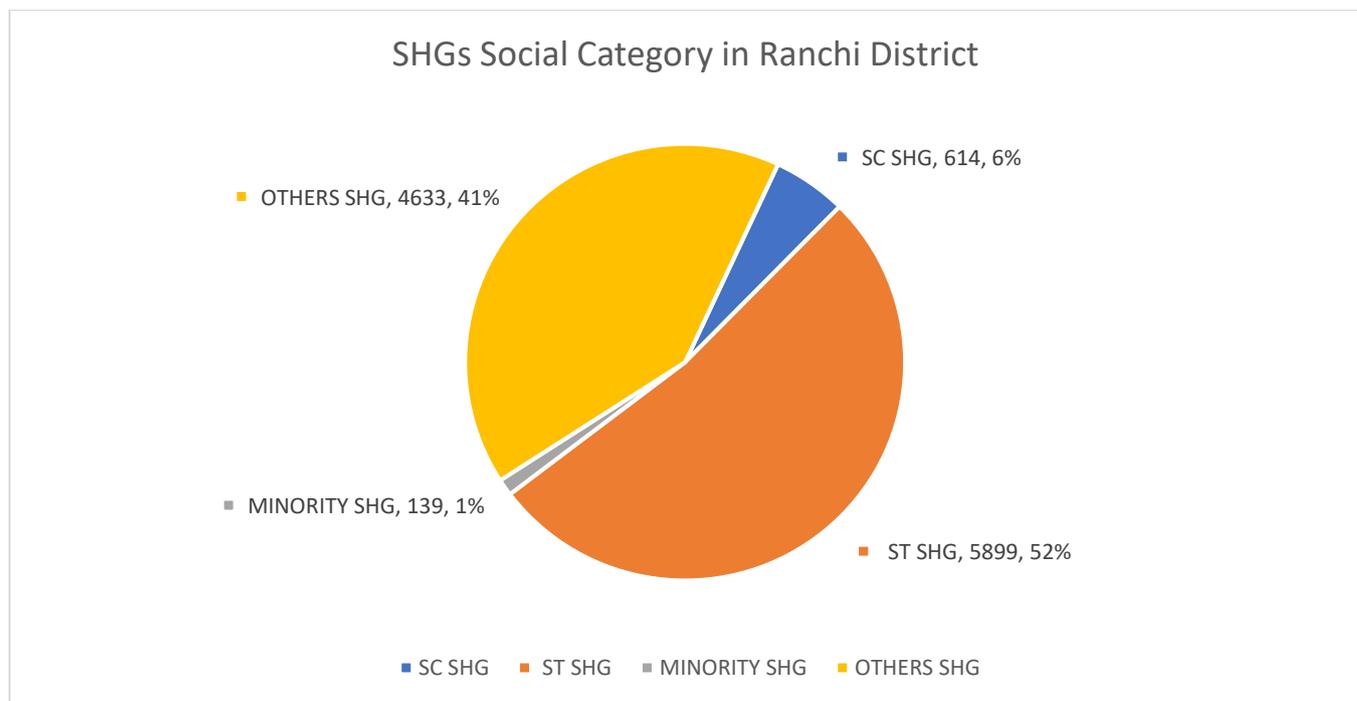
Fig.3 SHGs promoted under NRLM in Ranchi District



Source :<https://nrlm.gov.in> (October 2018)

In Ranchi district, we mostly find Adivasis who are deprived of sometimes even the necessities. SHGs plays a vital role in their upliftment. In Ranchi district, we find SHGs almost in all regions and the members belong to different categories of the society. The number of SHGs and their members is increasing day by day. This again shows that development of Women folk of Ranchi district can be achieved through these SHGs. They also promote social equality. The following diagram shows the SHGs social category in Ranchi District.

Fig. 4 SHGs Social Category in Ranchi District



Source: <https://nrlm.gov.in>

SHGs are working with a rationale of normal sparing and the contributed sum is given as credit to the individuals at the desperate hour and crises. Credits are given for beneficial and social purposes. With the assistance of microfinance accessible to the individuals through SHG they are being equipped for satisfying their necessities and living a superior way of life. They are not any more reliant on Zamindars and Sahukars for credit who prior used to misuse them for giving advance by charging substantial loan fees. Presently they are benefiting advances at simple terms and at a low loan fee.

Suggestions and Recommendations

1. More focus should be done to improve the literacy rate among women of Ranchi district.
2. The Government should organise training and awareness programmes related to women empowerment on a large scale in all the blocks of the district.
3. Amount of Revolving Fund provided to the SHGs should be increased.
4. The interest rates charged on the loans taken from the banks should be decreased to attract the members of SHGs for taking loans.
5. The women must be trained to maintain their books of accounts for the smooth running of the Self Help Group.
6. Regular meetings should be held so that the members of SHGs may discuss their different problems and find a quick solution to them.
7. Recognition should be given to the best performing SHGs.
8. Business Correspondence Sakhi (Bank Didi) should be appointed in each and every village of Ranchi district to promote Financial Inclusion.
9. MIS must be updated from time to time to have a check on the disbursement of Revolving Fund, Community Investment Fund (CIF), loan credit and their repayment.

Conclusion

Women are the pillars of any country's success. A country's development can be achieved only when both urban, as well as rural women, are focussed on. But most of the rural women of Ranchi are uneducated and don't even know about their fundamental rights. Most of them are illiterate and haven't even heard of women empowerment. Self Help Groups prove to be a turning point to these women. The empowerment of women

covers both an individual and collective transformation. The SHGs are promoting qualitative aspects like group dynamics, collective action and awareness generation etc along with the income generating activities for socio economic upliftment. Microfinance, when combined with Self Help Groups, may create miracles. In the study, we discussed how microfinance is helping the people of Ranchi district through SHGs. The government have also understood the role of SHGs in the development of the country and running various programmes in this area. SHGs are playing a vital role in creating a habit of saving among the members, building up teamwork, developing leadership qualities, analysing different problems of the members and finding solutions to them, creating awareness, making payment of the debts taken by the members and contributing in the development of the villages, blocks, districts and the whole state. A little support to these SHGs may lead our Ranchi and India to a better position.

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