

## Credit Scenario of Women: A Case Study of Magrahat, South 24 Parganas, Wb

Sanchita Bhattacharya

Central Plaza, Flat No C1, 1<sup>st</sup> Floor, Battalachawk, Library Road, Po: Midnapore,  
Ps: Kotwali, Dist: Paschim Medinipur, Pin: 721101, West Bengal, India

**Abstract:** Today standing in this age of modernization still now the village people are lacking in all spheres and the scenario of the women is very much noted. Their lives are confined within the walls of the houses. The various programmes implemented in the village are Janani Suraksha Yojana, Sanitation Programme, Indira Awas Yojana, National Rural Employment Guarantee Act (NREGA), Swarnajayanti Gram Swarajgar Yojana (SGSY), etc. Among the groups, around 33% female members save with PRD, 25% with SGSY, 20% with Bandhan 11% with SHG and the rest invest in more than one groups. PRD, SGSY, SHG conducts training and tries to improve the condition of women. Bandhan, a microcredit provider gives loan to alleviate the poor. The women in the village also have their own bank account. Picture of taking loans for various purposes is also found. Thus the implementation of the above stated programmes is helping this section of the society to uplift their condition.

**Key words:** self help groups, microcredit

### INTRODUCTION

#### 1.1 STUDY AREA

The survey was conducted in two villages namely Daiji and Urelchandpur of Magrahat block-II which is situated in South 24 Parganas district. It is an important district in West Bengal with district headquarters in Alipore with an area of 9960 sq. km and a population of about 8,153,176. The district comprises of five subdivisions namely: Alipore Sadar, Baruipur, Canning, Diamond Harbour, and Kakdwip. Magrahat block-II is under Diamond Harbour subdivision. Magrahat block-II community development block consists of rural areas with fourteen Gram Panchayats and two Census Towns. Magrahat station is situated 52 km away from the heart of Kolkata city. It takes around 40 minutes to 1 hour by train to reach the destination.

The total population of Daiji village is 700 with 125 households. People in this village are mainly engaged in agricultural activities, making handlooms and factory activities. There is one primary school and one ICDS (Anganwari) in this village. The various programmes implemented in this village are Janani Suraksha Yojana, Sanitation Programme, Indira Awas Yojana, National Rural Employment Guarantee Act (NREGA), Swarnajayanti Gram Swarajgar Yojana (SGSY), etc.

The total population of Urelchandpur is 14160(2013) with a total of 3132 households. The major crops grown in the village are paddy, various kinds of seasonal vegetables, etc. As in Daiji village, there is one primary school and one ICDS (Anganwari). The various programmes

implemented in the village are the same as that in the Daiji village.

#### 1.2 METHODOLOGY

The survey has been conducted very extensively at various stages. The village households are the sampling units. The methodology employs three types of survey instruments – a rural household questionnaire, an individual questionnaire and a village schedule. Household questionnaires have been used to identify basic socio-economic parameters of households while individual questionnaires have been used to understand the individual socio-economic and health parameters of people living in these areas. Data has also been collected from the office of the Panchayat Pradhan. A pilot survey has also been conducted to further cross check the questionnaires. A total of 430 households have been selected from the two villages namely Daiji and Urelchandpur. The latter is divided into two - Urelchandpur I and Urelchandpur II. Households having female micro credit group members have been selected and correspondingly two times of that number of non-group households has been taken to administer the individual questionnaires.

Apart from administering questionnaires, oral history of elderly women has also been taken. Focus Group Discussions (FGDs) of members working and getting various training from a local SHG “Pallideep” has also been undertaken and recorded.

For the purpose of data entry, CsPro software has been used while the analysis part of the survey has been done using Stata 11 and MS Office 2007.

### 1.3 RESEARCH QUESTIONS

- ❖ What is the credit scenario among women in the two villages of Daiji and Urelchandpur that we have studied?
- ❖ What is the role of any microfinance group in enhancing the economic status of women in these two villages?

### LITERATURE REVIEW

#### 2.1 Emergence of Micro Finance

In recent years, Microfinance (mF) has become a base for development initiatives for the poor, particularly in the Third World countries. It has been practiced in varying forms in different countries and has come to be regarded as an important tool for poverty alleviation. Both NABARD and the RBI define microfinance as the "provision of thrift, credit and other financial services and products of very small amounts to the poor enabling them to raise their income levels and improve living standards" (NABARD, 2000; RBI, 1999). Two broad approaches characterize the microfinance sector in India -- Self-Help Group (SHG)-bank Linkage (SBL) and Micro-Finance Institutions (MFIs). The SBL is the larger model and is unique to India but the internationally more established MFI model is the one that appears to be the increasingly favored route.

#### 2.2 a) SHG-Bank Linkage

The SBL approach involves the formation of self-help groups (mainly of women). These women regularly save money that is placed in a local (generally public sector) bank account. Many studies have shown that creation of a safe avenue for savings (on which interest is earned) is an attractive feature of SHGs, which has led to significant promotion of savings (NABARD, 2002, Hashemi et al, 1996, Rajasekhar, 2000). The SHG itself functions like a small bank. The group lends money to its members.

#### b) MFIs

The newly emerging (and internationally more established) MFI model is a different ball-game altogether. Here the sponsor is a profit-oriented venture capitalist, who sees the rural credit market as a fresh business opportunity. The MFI apparently brings great professionalism, innovation and technology to its enterprise. It also ventures to provide loans that banks do not. MFIs are primarily concerned with lending and recovering (mostly every week) what they lend to cohorts of people, at times at very high rates of interest. Added to this is the requirement of MFIs of a security deposit as cash collateral.

### 2.3 Swarnajayanti Gram Swarozgar Yojana (SGSY)

Swarnajayanti Gram Swarozgar Yojana (SGSY) 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 SGSY was somewhat intended to provide self-employment to millions of villagers. Poor families living below the poverty line were organized into Self-help groups (SHG) s established with a mixture of government subsidy and credit from investment banks. The main aim of these SHGs was to bring these poor families above the poverty line and concentrate on income generation through combined effort. The scheme recommended the establishment of activity clusters or clusters of villagers grouped together based on their skills and abilities. The SHGs are aided, supported and trained by NGOs, CBOs, individuals, banks and self-help promoting 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. The Swarna Jayanti Swarozgar Yojna (SGSY) has been renamed as National Rural Livelihood Mission (NRLM). With this, the scheme will be made universal, more focused and time bound for poverty alleviation by 2014.

#### 2.4 Bandhan

Bandhan, the Kolkata-headquartered micro-finance institute (MFI), opened its first microfinance branch at Bagnan in Howrah district of West Bengal in July 2002. Bandhan started with 2 branches in the year 2002-03 only in the state of West Bengal and today it has grown as strong as 670 branches across 10 states of the country. The organization had recorded a growth rate of 500

percent in the year 2003-04 and 611 percent in the year 2004-05. Till date, it has disbursed a total of Rs. 1,759 crores among almost 13 lakh poor women. Bandhan has staff strength of more than 3,980 employees. Bandhan is working towards the twin objective of poverty alleviation and women empowerment. It started as a Capacity Building Institution (CBI) in November 2000 under the leadership of Mr C. S Ghosh. Bandhan is one of the few large micro finance institutions with over Rs 1 billion lending, that would be able to meet the regulatory directive of the RBI of maximum 10 percent margin. Its low operational expenses come from their staffs who are mostly Bandhan's borrowers. About 80 percent of its total lending is rural.

### 2.5 Mallabpur Peoples' Rural Development Society

The organization called Mallabpur Peoples' Rural Development Society was started by young men and women of the locality in the year 1990 with the motive of improvement in livelihood of the people in their society. It started working in the area under Magrahat Block-II of South 24 Parganas District in West Bengal. The Society operates from its own building at Magrahat Block – II of Urelchandpur. Banking transactions of the organization are done through State Bank of India (Magrahat Branch), United Bank of India (Magrahat Branch) and Axis Bank of Baruipur Branch.

The main objective of the society is to form and facilitate activities of self-helped groups that mainly comprise women from poor and deprived backgrounds, mostly from schedule caste, minority communities and other backward classes. Its primary motivation is to enable these women to become self-sufficient in social and economic terms. The various activities carried out by the society are:

**Agriculture:** To increase the agriculture production, to aware farmers for using the optimum level of soil, water and manure production, to organize agriculture training programs.

**Education:** To spread adult literacy, to reduce the incidence of dropout among students, to run a textbook library for encouraging reading habits among young scholars as well as to support students from depressed backgrounds, to provide computer literacy and training to students from marginalized sections of society.

**Health:** To develop an attitude of health care among the community through a focus on preventive aspects of health care, to reduce the burden of diseases that affect local people through curative interventions in a clinic run by the local adolescents.

The study attempted to find the impact of the above credit providing institutions in the present credit scenario of women in the villages under study.

## VILLAGE PROFILE

To study the village profile various parameters have been taken into consideration. These include the drinking water facility, the sanitation facility along with the religion and caste composition. Focus has also been given to the quality of accommodation in the village, the type of fuel used and the amount of land holdings.

### 3.1 Occupational Scenario of Daiji and Urelchandpur:

The collected data shows that the 30 percent of the sample households are engaged in agriculture while 12 percent are daily wage laborers. The percentage of people engaged in bidi making business accounts to 4 percent while 3 percent are engaged in mihidana business. On the other hand, 7 percent of the sampled households are engaged in small business like leather, clothing etc. A fraction of them is also engaged in multiple modes of employment like agriculture and vegetable vendors etc.

### 3.2 Religion Composition of the Villages:

- ❖ The village community is basically Hindu dominated with very little percentage of Muslim percentage.

### 3.3 Caste Structure Of The Population

- ❖ The village is basically comprised of Scheduled caste people (91.4 percent) and a very minimal percent of general caste (8.14 percent) and scheduled tribes (0.47 percent).

### 3.4 Drinking Water Facility:

- ❖ The data reveals that 252 sample households avail drinking water from the village tube well while 177 households avail the same from piped water.
- ❖ Only 41.16 percent peoples depend on open piped water.
- ❖ The numbers of people dependent on tube well water and hand pump are maximum i.e. 58.6 per cent.
- ❖ Very small numbers of people (0.23 per cent) use open well for their drinking water.
- ❖ The drinking water facilities is dominated by tube well and hand pump which occupy first position in drinking water.
- ❖ Next to tube well and hand pump, piped water occupy the second position in drinking water facility.

### 3.5 Sanitation Facilities:

- ❖ The village people mostly use pit latrine which contributes to 46.28 per cent.
- ❖ Next to pit latrine, large number of people are also using open toilet which occupy second position with 44.42 per cent.

### 3.6 Electrification facilities:

- ❖ 71.86 per cent people have electrified houses. The electrification has not been done legally in most of the houses due to the lack of government interest in electrification. So the village people resorted to power theft for electrifying their homes.
- ❖ However only 28.14 per cent are without electrified houses.

### 3.7 Type of House:

- ❖ In the two villages 43 per cent peoples occupy Kutcha houses.
- ❖ Semi-pucca houses are occupied by only 39 per cent peoples.
- ❖ Only few houses (18 percent) are pucca.

### 3.8 Type of Fuel

Most of the people in the village use wood (72 percent) as fuel, followed by dunk cakes (24 percent). A very little fraction use kerosene (2percent) and LPG (3%) as fuel for cooking purposes.

### 3.9 BPL Card facility:

- ❖ The BPL card facility has a dismal picture in both the villages. 58.8 percent do not have this facility as opposed to their counterparts (40.93 percent)

### 3.10 Education scenario:

- ❖ The data reveals that 45.35 percent of the total sample population are illiterate.
- ❖ Only 10 percent of the people have studied till 5<sup>th</sup> standard. The overall education scenario is quite poor in both the villages.

Though the education scenario is very dismal but still there is no school dropout. All parents enroll their children to school. According to the 2011 census the total population of the two combined villages is 14160 from 3132 households. The villagers have adopted different types of occupation for their daily livelihood. Among the occupations three major dominating occupations are agricultural activity, Bidi making activity and sola (thermocool) making activity. For a smooth agricultural cultivation the villagers are highly dependent on canal water and some people use underground water for their cultivation of agricultural land. The major crops that the villagers yield are rice, vegetables and Sola which they produce within a year because the area is basically low lying and gets flooded during the monsoons. If we look into the other social amenities of the villages then the village has one primary school, one ICDS Centre, one high school in Mallabpur and there is one middle school in Magrahat which is 15 km far from the villages. The health facility is somehow manageable in that locality. There is a Public Health Centre in Magrahat which is only 4 km far from the village. One private clinic and

private hospital is also present within 4 km from the village, located in Barasat. There is a post office and medical shop inside the village; youth club, organization for female is also very much active in the village. Many government provisions have been implemented in the village like Janani Suraksha Yojana(JSY), Mid-day Meal Programme (MMP), Integrated Child Development Scheme (ICDS), Sanitation Programme (SP), Swarnjayanti Gram Swarozgar Yojana (SGSY), National Rural Employment Programme (NREP), Indira Awas Yojana (IAS) etc. The Urelchandpur Panchayat Pradhan Archana Sardar said that they have taken some initiatives to generate awareness activities. There are schemes namely "SWACHHATA DUTH" in which some trained women members visit each and every house of this village and give lessons about various health related issues like hygiene, cleanliness, etc. She arranges meetings with village women at two days in a week regularly to realize their problems. She tries to improve the condition of women and to insist them to educate their children properly. She also has plans to form various women groups in collaboration with self-help groups to improve the women status within the village

### CREDIT SCENARIO OF THE WOMEN IN THE VILLAGE

Microcredit is the extension of very small loans (microloans) to impoverished borrowers who typically lack collateral, steady employment and a verifiable credit history. It is designed not only to support entrepreneurship and alleviate poverty, but also in many cases to empower women and uplift entire communities by extension. In many communities, women lack the highly stable employment histories that traditional lenders tend to require. Many are illiterate, and therefore unable to complete paperwork required to get conventional loans. In light of this, according to micro credit summit campaign, experience shows that women are good credit risk takers of which they invest their income towards the wellbeing of their families and also they have a higher social status achieved within the home whenever they are able to provide income for the family. The study revealed that Magrahat block-2 (South-24 Paragana) in Daiji and Urelchandpur focused on the women's credit scenario and its impact on their livelihood. Many women are involved in various organized as well as unorganized credit provider institutions like Mallabpur Peoples' Rural Development society (PRD), BANDHAN, SGSY, SHG, CHIT-FUND, and BANKS etc. The credit scenario of the women in the village is illustrated below:

#### 4.1 Avg. Household Expenditure Per Month:

After analyzing the data it has been found that the average household expenditure per month among the group and non group members. The graph

reveals that the non members in most of the ranges have higher expenditure than the group members.

#### 4.2 Savings Scenario Among The Group And Non-Group Members:

- ❖ Savings scenario of the 197 women is taken into account.
- ❖ Out of the total 197 women, 110 women are able to save while the remaining 87 are unable to save.
- ❖ Among the 197 women, 122 women belong to the non group members, while 75 women are group members.
- ❖ Among the 122 non-group women, 58 women are able to save while 64 women are unable to save.
- ❖ Among the 75 women belonging to any group, 52 women are able to save in contrast to the remaining 23 women.

#### 4.3 Saving Scenario Among The Group Members:

- ❖ Out of the 34 PRD members, only half of them are able to save.
- ❖ In case of SHG, all the sample women interviewed are able to save.
- ❖ For the SGSYs, 13 women are able to save from the 17 sample households.
- ❖ Similarly for Bandhan, 11 women are able to save out of the total 12 women of sample households.

#### 4.4 Bank A/C Scenario:

- ❖ Out of 122 non-group women, 78 women do not have any bank account.
- ❖ However for the 75 women associated with any of the groups, 32 women have bank account.

#### 4.5 Bank A/C Scenario Among Groups:

- ❖ Among the 34 PRD members, only 10 have a bank a/c.
- ❖ 61.4% of the total sample members do not have bank a/c. this picture is also quite evident among the members belonging to the groups.

#### 4.6 Source Of Loan:

- ❖ Among the sample 197 sample women on whom the questionnaire was administered, 64 took loans from various sources.
- ❖ After Bandhan, the next important source of loan is friends and relatives, followed by moneylenders.
- ❖ There are only 9 individuals who took loan from public bank viz. United Bank of India, Magrahat Branch. On the other hand we have only 4 individuals who have taken loan from private bank.

#### 4.7 Purpose Of Loan Taken:

- ❖ Of the total loan taken 23 percent of loan taken is for acquiring household assets while 17 percent of the loan taken is for purchasing agricultural tools.
- ❖ It is followed by hospitalization purposes (9 percent) and marriage purposes (6 percent).
- ❖ The other reasons for taking loan include pond (2 percent), funeral ceremony (2 percent), cottage industries (4 percent), livestock purchase (4 percent), land (2 percent), education (2 percent) and expansion of business (4 percent).
- ❖ Members have also taken loan for multiple purposes such as acquiring household assets and agricultural tools ( 6 percent), agricultural tools and marriage purposes, livestock and agricultural tools as well as household and marriage purposes (each comprising 2 percent).

#### CONCLUSION AND LIMITATIONS

This survey attempts to show the credit scenario of the women in the two villages. The results and the analysis reveal that out of 197 surveyed female member of each household, around 60% are not a member of any credit provider group and the rest are members of various groups of which the benefit of their participation and involvement as a group member is very less. 70% of the members are able to save but their average household expenditure per month mostly lies between Rs. 2000-5000.

Among the groups, around 33% female members save with PRD, 25% with SGSY, 20% with Bandhan 11% with SHG and the rest invest in more than one groups. PRD conducts training and tries to improve the condition of women so that most of the female villagers make savings with PRD. SGSY and SHG also conduct meetings and help the women in giving loans to support the members and their family. Bandhan is a microcredit provider which gives loan to alleviate the poor.

Prevalence of bank account is an important indicator of showing a picture of the credit scenario of the villages. 62% of the interviewed women do not have a bank account. Among the members, around 60% doesn't have a bank account. This shows that most of the members do not save in the group. They may save at home or somewhere else. Among the rest, we find a positive relationship between savings among group and bank account of the members of the respective groups. 56% of the PRD members have a bank account , 21% of SGSY members have a bank account, 14% of the Bandhan members have a bank account, 6% of the SHG members have a bank account and a mere 3% members of more than one group have a bank account.

The most important indicator of the credit scenario is the loan status. Out of the 197 interviewed

houses, only 64 household members have taken loan. This indicates a good credit scenario in the villages. Among them, 43% loans have been taken from various groups and the rest from banks, moneylender and friends or relatives. Most of the loans were taken for buying household assets and agricultural tools. This shows that most of the villages were engaged in agricultural activities and though they were very poor still they try to fulfill their own household needs and try their level best to meet their aspirations.

**Some of the limitations of survey are:**

1. The sample size is very small. Only 430 households and 197 individuals were

interviewed which makes our study very limited.

2. The survey was conducted for five days so there was restricted time for survey.
3. The study is confined with the rural area of Magrahat Block II. Hence the results may not be applicable to urban area SHG members.
4. Culture of silence was very much seen as part of their behavior. Participants did not feel free to answer the questions regarding their family details, business, and income and household assets. It was almost a challenge for the researcher to get answers from the participants.

**REFERENCES:**

- Harper, M., E. Esipisu, A.K. Mohanty and D.S. Rao (1998): *The New Middlewomen – Profitable Banking Through On-Lending Groups*, Oxford & IBH.
- Hashemi, S.M., S.R. Schuler and A.P. Riley (1996): 'Rural Credit Programmes and Women's Empowerment in Bangladesh', *World Development*, Vol.24, No.4
- Puhazhendi, V. and K.C. Badatya (2002): *SHG-Bank Linkage Programme for Rural Poor – An Impact Assessment*, NABARD.
- Puhazhendi, V. and K.J.S. Satyasai (2000): *Microfinance for Rural People -- An Impact Study*, NABARD.
- Rajasekhar, D. (2000): 'Microfinance Programme and Women's Empowerment: A Study of Two NGOs from Kerala', *Journal of Social and Economic Development*, Vol.3, No 1.
- Rao, Srinivasan.P and Y. Jaya Priyadarshini (2013): Credit Options to the Rural Poor-Microfinance as a Source of Rural Credit in India, *International Journal of Management and Social Sciences Research*, Vol.2, No 4.
- Shah.M, R. Rao and P.S Vijay Shankar (2007): Rural Credit in 20<sup>th</sup> Century India-An Overview of History & Perspectives, *Economic and Political Weekly*.
- Varman, M.P. (2005): 'Impact of Self-Help Groups on Formal Banking Habits', *Economic and Political Weekly*, April 23.