

# Impact of Micro Credit on Poverty, employment and women empowerment in rural areas of Muzaffarpur, Bihar

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The socio- economic development of any country is possible only if women folk are also developed. It has been observed that the social, economic and political status of women in rural areas of Bihar remains very low). Majority of women in Bihar belong to marginalized groups; Scheduled Castes, Scheduled tribes and Other Backward Castes and engaged in the agricultural sector, they own just 14% of the agricultural landholdings in the state. Further, 92% of these landholdings are small and marginal. They depend on usurious moneylenders for farming and basic needs of life because formal Sources of credit is not adequate to these vulnerable group. To fill this gap micro credit programme has been introduced for poor especially the rural women. This study assesses the impact of micro credit on poverty, employment and empowerment of women in rural areas of Muzaffarpur district of Bihar. Impacts have been measured by comparing the SHG household participants with the non SHG household participants. The comparison was based on the primary data collected through survey method with a well - structured questionnaire which was pre tested before the interviewing the respondent. It shows that savings, incomes, employments of the SHG household participants increased more than non-participants through micro credit intervention. The study reveals that micro credit has been successful in diversifying the economic activities in rural areas. The increase in the engagement of participants in the economic activities has increased their level of employment and empowered women economically, socially, psychologically and politically. It was also found that the NGO supported SHG Group participants were more empowered as compared to the non SHG group participants.

**Key words- Impact of Micro Credit, Poverty, employment and women empowerment, rural areas, Muzaffarpur and Bihar**

## Introduction

Poverty eradication and improving the status of women who constitute almost 50 per cent of the total population of the country remained a major challenge for the Government and the policy makers in India. About 26 per cent still live in a status of acute poverty. Even though the number changes from state to state, poverty in Bihar is considered to be a mass problem especially in rural area. Poverty has a women's face because women suffer from abject poverty and live in severe deprivation and despair. women are integral part of society, her status and participation in decision making as well as economic activities is very low in Bihar. 7.4% of households in Bihar are headed by women (Census 2011). Women-headed households require special assistance and policy focus, since they are often disadvantaged regarding access to land, labor and credit, and discriminated against by cultural norms (Klasen et al. 2011). Majority of women in Bihar belong to marginalized groups; Scheduled Castes, Scheduled tribes and Other Backward Castes). They depend on usurious moneylenders for farming and basic needs of life because formal Sources of credit is not adequate. Credit is the significant input for any economic activities.

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Its availability encourages people to undertake economic activities and thereby create self-employment to others. Women face many socio- cultural attitude, legal barriers, lack of education and personal difficulties and rarely financially independent and often they are more vulnerable members of society. Yet they have limit access to credit and other financial services. For all these reasons micro credit is much more significant for women. Therefore, the rural women are often targeted by micro credit intervention through support of government agencies and NGOs. The present paper is an attempt to understand the impact of micro credit on poverty, employment and empowerment on rural women in Maraul and Sakra blocks of Muzaffarpur district.

## Development of Rural women through NGO

Kanchan Seva Ashrams was a registered Non- governmental organization which was situated at Kesooপুর in remote areas of Muzaffarpur district of Bihar and working for 20 years. The working area of this NGO was Sakra and Muraul blocks of

Muzaffarpur district. This has been rendering great services to the deprived and discriminated sections of the society like women suffering from gender, racial and religious discriminations. There was more than 6000 SHGs. The work was implemented with support of big NGOs, banks, governmental agencies and made substantial impact on the lives of thousands of poor and disadvantaged rural households in the working areas. Effective intervention through process-oriented empowerment programmes for women had been found to be successful in improving their social and economic status in family and society. Micro credit is the option to which the poorest women with fewer resources can turn to main stream of the society. The aim of the present study was to assess the impact of micro credit on rural women households.

### Review of Literature

Mr. Mohammad Yunus, the Bagladeshi protagonist of the idea of micro credit, explains the role of micro loaning in facilitating women potentials as "Women have plans for themselves, for their children, for their home, their meals. They have a vision. A man wants to enjoy himself. Availability of finance to women ensure that resources and profits generated are ploughed back into the developing of household and family." Thus, sufficient credit is made available to women, they can utilize this for the wellbeing of themselves and for the families. Nobel Committee (2006) The UN declared 2005 to be the international years of microcredit "Micro credit can help people to break out of poverty, which in turn is seen as an important requisite to establish long lasting peace." Archana Jain (2006) found in her study that microcredit facility can be treated as a strong support base for women empowerment. Lamia Karim (2008) found in his research that micro-credit benefited several categories of women. More importantly, the rural middle-class women with marketable skills women whose husbands had marketable skills or whose husband had a regular employment and could thus pay the weekly installments and widows, divorced and abundant women. Lokhande (2009) reported that 19.54 % SHG members from 174 group members in Jalan district contested the elections 6.32 % of SHG members were elected as a village sarpanch and other political post SHGs are encouraging the members to participate in politics for safeguarding the political interest of the poor. Digvijay Bihari (2010) using secondary data found that the micro credit loans are very small in volumes and the income generated by these loans are modest. This may not be able to pull the poor from the clutches of poverty. Shakila Azim, (2013) in her study on women empowerment through self-help group in Muzaffarpur district and Bihar found that the SHGs created confidence for economic self-reliance among economically backward women of rural area. Vinodha Devi (2017) in her study found that scarcity of raw material for production, followed by shortage of power, insufficient finance for promoting and running an enterprise etc. are the problems faced by women entrepreneurs.

### Methodology

The present study was based on primary data collected with a well-structured questionnaire. In addition, secondary data has been collected from various publications, journals and records. For the purpose of the study, a sample of 100 households taken, 50 households from 50 SHGs formed by Kanchan Seva Ashram and 50 from non SHGs household selected randomly in Muraul and Sakra blocks of Muzaffarpur district. In this way a total 100 household forms the sample size for the study. The study utilized two points of time that is first the year 2008 when survey conducted and point second after five years that is 2013 taken into consideration for assessment of impacts. The impacts were investigated by comparing the status of the members of SHGs with that of families not having membership of any SHGs, with respect to selected indicators used in this study. The economic impact was studied with the help of the variables namely, saving habit, household income, employment generation. The social impact was studied by examining the members involvement in decision making, level of self-confidence and involvement in community activities of awareness regarding to nutrition, health, hygiene family planning, decision making related to money centered, interaction with outsiders, mobility, educational development and access to health service.

### Objective of the present study

1. To study the impact of Micro Credit on Poverty in Muraul and Sakra blocks.
2. To study the impact of employment generation.
3. To analyze the present environment of micro credit in rural area in Muraul and Sakra block of Muzaffarpur.
4. To focus on weakness of working of microcredit in rural context.

## Result and discussion

**Table 1: Social composition of sample SHGs and non SHGs household**

Category	SHGs Household	Percentage	Non SHGs Household	Percentage
General	3	6	4	8
OBC	18	36	16	32
EBC	15	30	14	28
SC	5	10	8	16
ST	0	0	0	0
Minority	9	18	8	16
Others	0	0	0	0
Total	50	100	50	100

### Field Survey

The above table or indicates that out of 50 sample SHGs household, 18 belongs to backward communities with constitutes 36 percent followed by 15 extremely backward communities constitutes 30 percent followed by 9 minorities which constitutes 18 percent followed by 5 schedule caste which constitutes 10 percent. It may also be observed from the table that out of 50 household there is not any schedule tribe (ST) communities. The overall data indicates that the concentration of OBC and EBC was higher in the sample areas as compare to other social group similarly in case of non SHGs household it was observed that the concentration of OBC was calculated highest 16 which constitutes 32 percent followed by 14 extremely backward communities which constitutes 28 percent followed by 8 schedule caste which constitutes 16 percent.

**The above table shows that the concentration of OBC and EBC in both the cases were higher than the other categories**

**Table 2: Type of Family of SHGs household and Non SHGs household**

Types of family	SHGs household	Percentage	Non SHGs Household	Percentage
Nuclear	32	64	34	68
Joint	18	36	16	32
Total	50	100	50	100

From table 2 the majority of the SHGs and non SHGs household respondents were found living in nuclear families (64 and 68 percent) while more than one fourth respondents accepted that they were living in joint families.

**Table3: Education of SHGs household and Non SHGs household**

Education level	No. of SHGs Household	Percentage	No. of Non SHGs Household	Percentage
Illiterate	20	40	25	50
Primary	15	30	12	24
Middle School	9	18	8	16
High School	3	6	4	8
Intermediate	2	4	1	2
Graduation	1	2	0	0

### Source Field Study

It may be observed from the table 3 that out of 50 SHGs household 20 were illiterate which constitute 40 percent of the total samples. The table further indicates that the high school intermediate and graduate household was very few only for it indicated the low level of education status across the household. In case of non SHGs household, it was observed that 50 percent household was illiterate.

Table 4: Age Group of SHGs and Non SHGs household

Age	No. of SHGs Household	Percentage	No. of Non SHGs Household	Percentage
(25 years)	5	10	3	6
26-35 years	12	24	10	20
36-45 years	30	60	31	62
45 to above	3	6	6	12
Total	50	100	50	100

The above table 4 revealed that the average age group of sample household ranged between 25 years to more than 45 years. But the concentration of 36 to 45 years respondent in both the cases (SHGs and non SHGs household) were found higher with compare to other ages group categories under the study.

Table 5(A): Average annual saving by SHGs household from 2008 &amp; 2013

No. of SHGs household	Percentage	Annual saving (Rs.) in 2008	Annual saving (Rs.) in 2013	Percentage
10	20	3600	5600	66.6
6	12	3000	4900	63.3
8	16	4800	6800	41.6
12	24	4200	5900	40.7
10	20	6600	10000	51.51
2	4	1600	2400	50
2	4	1500	2600	73.32
50	100	25300	38600	52

Table 5(B): Average annual saving by Non SHGs household from 2008 &amp; 2013

No. of Non SHGs household	Percentage	Annual saving (Rs.) in 2008	Annual saving (Rs.) in 2013	Percentage
10	20	3200	4900	53.12
6	12	2000	3000	50
8	16	4000	4900	22.5
12	24	3800	4800	26.15
10	20	2600	3400	30.76
2	4	1500	1900	26.6
2	4	1200	1600	33.3
50	100	18300	24500	33.87

Source Field Survey

The SHGs were able to develop savings habit among the members. All sample household reported saving with group. Regular monthly saving of Rs. 10-30. Saving was collected at the time of meetings and all the members were issued the passbook. Monthly saving was deposited in nearby bank. The members received interest rate of 18-24 percent on their deposit with group. Most of the SHGs household received money from their husband to save in group. After employment creation all of them saved by their own income. From the table it is quite clear that the total annual saving in year 2008 was 25300 and total annual saving became 38600 rupees in 2013 so total percentage increase was 52 percent.

In case of non SHGs household, there was not any systematic system of savings because they did not follow the rules and regulation of Self-Help Group. In this case mostly saving was made after income generate. There was total saving of non SHGs household was 18300 in the year of 2008. Total average annual saving was 24,500 rupees in the year of 2013. Total percentage increased in 2013 was 33.87 percent. So above discussion, it was found that

the percentage saving of SHGs household was higher than non SHGs household. Here again the role of micro credit was very important in context of saving.

Table 6: Management of Credit by SHGs and Non SHGs Household

Particulars	SHGs Household	Percentage	Non SHGs Household	Percentage
Wife	10	20	0	0
Husband	12	24	50	100
Both	28	56	0	0
Total	50	100	50	100

Source Field Survey

It may observe from the table that out of 50 household 28 household (both of and husband) managed borrowed amount however only 20 percent wife alone take decision and 24 percent of husband were found to take the management of credit in the sample areas. The table further indicates that in case of non SHGs household cent percent husband were take managerial care of the credit. The overall analysis indicates that a group or combined decision was found taken by SHGs household however there is complete lac of this types of attitude in these group 50 due to combined efforts by SHGs group credits were found utilize more efficient with compare to Non SHGs group.

Table 7: Employment Days Generated in SHGs and Non SHGs household Enterprise in year 2013

Enterprises	Employment days in 2008 by SHG household.	Employment days in 2013 by SHGs household.	Employment days in 2008 by Non SHG household	Employment days by Non SHGs household (in days) 2013
Agriculture	40	90	40	70
Dairy	150	280	138	220
Poultry	200	340	190	310
Goatry	180	290	110	250
Bangle Maker	145	310	120	180
Tailoring	130	200	60	120
Others	102	160	75	135

Source Field Survey

The above table indicated the increasement of employment days. It was quite clear that the days of employment increased in both SHG and non SHG household but days of employment was increased more than non SHGs household.

Table 8(A): Changes on Socio-economic status and awareness of various aspects of well-being after joining SHG Household

Social Indicator	Same	Increased	Decreased
Mobility	12(24)	38	-
Recognition in family	7	32	11
Recognition in community	5(10)	32(64)	13(36)
Interaction with outsiders	14(28)	25(50)	11(22)
Literacy/Education	8(16)	34(68)	-
Access to Health Services	10(20)	40(80)	-
Access to Immunization	20(40)	30(60)	-

Access to Sanitation facility	16(32)	34(68)	-
Access to credit sources	15(35)	30(60)	-
Assets building	14(28)	36(72)	-
Family Income	10(20)	40(80)	-
Skills	9(18)	41(82)	-
Voicing Concern	14(28)	36(72)	-
Nutrition Awareness	18(36)	32(64)	-
Family planning awareness	20(40)	30(60)	-

Table 8(B): Changes on Socio-economic status and awareness of various aspects of well-being in non SHGs household

Social Indicator	Same	Increased	Decreased
Mobility	25(50)	15(30)	10(20)
Recognition in family	20	24	6(12)
Recognition in community	12(20)	28(56)	-
Interaction with outsiders	16(32)	34(68)	-
Literacy/Education	15(50)	25(50)	-
Access to Health Services	18(36)	32(64)	-
Access to Immunization	17(34)	34(68)	-
Access to Sanitation facility	30(60)	20(40)	-
Access to credit sources	35(70)	15(30)	-
Assets building	18(36)	32(64)	-
Family Income	24(48)	26(52)	-
Skills	24 (48)	26(52)	-
Voicing Concern	20(40)	30(60)	-
Nutrition Awareness	22(44)	28(56)	-
Family planning awareness	22(44)	28(56)	-

Source Field Survey

The socio-economics condition of SHGs household increased. The positive changes had been reported in case of awareness regarding to nutrition, health, hygiene family planning, decision making related to money centered, interaction with outsiders, mobility, educational development access to health service. In case of use of wine, violence against women and society, child marriage, dowry system had been reported decreasing.

In case of non SHGs household awareness regarding to nutrition, health, hygiene, family planning decision making had been reported positive changing but these were less than SHGs household. All were clear from above tables.

**Conclusion-** So it was found that the increasing income increased saving and also increased the days of employment. Finally, poverty in the SHGs household decreased. Income employment and saving also increased in non SHGs household but the percentage is lower than SHGs household. The social impact is also pronounced in terms of increased role in household decision- making, improved in education, health nutrition, hygiene, family planning, self-confidence. These all were happened due to Micro Credit intervention through NGO. Majority of

women in Bihar belong to marginalized groups; Scheduled Castes, Scheduled tribes and Other Backward Castes, and engaged in the agricultural sector, they own just 14% of the agricultural landholdings in the state. Further, 92% of these landholdings are small and marginal. The role of bankers towards these needy groups were not adequate. So, the role of micro credit will be very crucial and important to providing easy credit to the needy poor rural household specially women and all other vulnerable population. Over the last decade, Bihar's progress in improving women and girl's health, education, safety and economic participation was notable and the most promising strategic weapon against rural poverty and women empowerment. To economically empower women, ensuring their equal access and control over economic resources, and guaranteeing that they can use them to exert increased control over other areas of their lives.

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