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UTILIZATION OF RURAL CREDIT BY TRIBAL WOMEN SELF-HELP GROUP MEMBERS

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ABSTRACT

The objective of present study was, to find out the knowledge of women self-help group members about rural credit, utilization of rural credit and problems experienced by them in accessing rural credit. The study was conducted in Shahbaad block of Baran district. The sample consisted of 100 respondents, i.e. 30 office bearers and 70 other members from randomly selected 15 self-help group, linked with Shahbaad Branch of Hadoti Gramin Bank, Shahbaad. Personal interview technique was used for collecting data. The results of the study indicated that about half of the respondents were in the age group of 30-45 years, belonged to Shariya (only primitive tribes) ST caste. More than third fourth of respondents were educated up to primary school and illiterate. Most of the respondents had low socio economic status. Finding of the study reveal that most of the office bearers (97%) possessed good knowledge about rural credit with 75.60 MPS and majority of the SHG members (67%) had average knowledge with 44.26 MPS. Regarding the utilization of rural credit by women self-help group members, majority of the respondents used the loan amount for production purposes. i.e. for establishing shop (general, attachakki, STD/PCO), papad making, pickle making, stitching, Amla product, woolen item and cot making. Study of problem experienced by women SHG members in accessing rural credit revealed that majority of the respondents reported the problem i.e. difficulties in sanctioning loan on the name of women, time consuming procedure, non-availability of small and immediate loan, illiteracy, inconvenience in repayment, collateral requirement, difficulties in timely repayment of loan installments, apathy of bank personnel and non-possession of documents like ration card/voter deification card. Credit can do wonders to the rural women living even in remote village in improving their economic condition and protecting them from the clutches of the village moneylenders. With the help of credit they can improve their economic condition, by utilizing the credit for income generating activities. Awareness programme regarding the source of finance and procedure for getting loan should be organized at the village level to provide financial support to the women. The procedure for acquiring credit, especially small loans, for setting up new enterprises or expanding existing ones, should be relatively simple, flexible and easy to the understanding of the rural folk.

Keywords: Self-help, Credit, Tribal Women

INTRODUCTION

Women are the important sector of Indian economy. They are not only the carriers of human race but civilization and sustainable development rest on them. Women are the fulcrum of a civilization in a family. The role of women is fundamental for the development of all societies. Development means total development i.e. political, social, economic, cultural and other dimensions of human life as well as the development of other

material resource. In spite of various efforts of government for the development of rural women, the desired results have not been achieved yet. Therefore, to bring the rural women in the mainstreaming of development and improving their status within family as well as in the society, the approaches and developmental strategies of government and non-government organizations needs to be changed and economic activities need to be emphasized. This can be done through credit provision and institutional linkages. Credit is useful tool in building the capacity of poor in management of sustainable self-income generating

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activities by providing savings, housings, consumption credit, insurance cover etc. and it can reach people through Self-help Groups.

SHGs are emerging, as an alternative mechanism to meet the credit needs of rural women through thrift. SHGs are suitable means of women development which are being linked with bank for promoting entrepreneurial activity, which ranged from serving as instrument of financial intermediation to empowerment of women. It implies empowerment of women at grass root level with emphasis on self-reliance, build up potential for improving one's own welfare and bring out constructive changes in lives of family members. To have effective credit delivery and efficient utilization of rural credit, it is necessary to examine, to what extent these effort through self- help groups have yielded results. Present paper attempts to study the knowledge of women self-help group members about rural credit, the utilization of rural credit by women self-help group members and the problems experienced by women self-help group members in accessing rural credit.

METHODOLOGY

The present study was conducted in purposively selected Shahbad Block of Baran District Rajasthan. Shahbad branch of Hadoti Gramin Bank, located in Shahbad panchayat samiti was selected purposively, as there were maximum number of women self-help groups (116) financed by Hadoti Gramin bank. From these self-help groups 15 self-help groups were selected randomly. All the office bearers of these SHGs and 4-5

randomly selected members from each SHG were included in the sample. Sample of the study constituted of 100 respondents, i.e. 30 office bearers and 70 other SHG members. Interview technique was used for collecting data, with the help of structured interview schedule. Appropriate statistical test were used to arrive at conclusion, which included frequency, percentage and mean percent scores.

RESULTS AND DISCUSSION

Knowledge of respondents about rural credit: Lack of knowledge among the members about different aspects of rural credit inhibits their participation in decision making process within the group. They are still dependent on the decisions made by the male members of the family. Hence knowledge of rural credit is very important for its effective utilization and in order to create positive impact on the life of women. Therefore an effort was made to study the knowledge of SHG members about rural credit and categories them which has been presented in Table 1. Findings reveal that about half of the respondents (48%) had average knowledge with overall MPS of 53.66 about different aspect of rural credit. It was encouraging to note that most of the self-help group office bearer (96.66%) possessed good knowledge about rural credit. It is very important for the successful functioning of group that its office bearer possesses sound knowledge about different aspects of rural credit, so that they can facilitate other member of the group also to perform the responsibility of the group at their own.

Table 1. Categorization of respondents on the basis of their knowledge.

S. No.	Knowledge categories	Office Bearer n =30f (%)	Members n = 70f (%)	Total N=100f (%)
1.	Poor (1-33.3%)	0	18 (25.71)	18
2.	Average (33.4-66.7%)	1 (3.33)	47 (67.14)	48
3.	Good (66.8-100%)	29 (96.66)	5 (7.14)	34
	MPS	75.60	44.26	53.66

The findings are in line with the study conducted by Gupta (1994) who revealed that majority of respondents (68.75%) were in the category of average concept of rural credit, while 20 percent possessed good concept. Overall rural women had average concept about different aspect of rural credit.

Utilization of rural credit by women self-help group members: Provision of credit for rural women is not fruitful without its proper utilization. Credit can be utilized for two propose i.e. production purpose (for

income generating activities) and consumption purpose (for meeting their personal need). Data in Table 2 regarding utilization of credit clearly show that most of respondents (93%) had taken loan from the group. Majority of the respondents (71%) took loan for production purpose, whereas 29 percent respondents took loan for consumption purpose. The loan was utilized for different productive purpose i.e. shop (general, attachakki, STD / PCO), papad making, pickle making, stitching, woolen items and cot making which

were undertaken on group basis. Regarding consumption loan, 17-34 percent respondents took loan for purchasing animal feed, repayment of old debts, treatment during illness, meeting household expenditure. The loan should be utilized according to

purpose for which it is sanctioned. It was revealed that 70 percent of the respondents were utilizing the loan completely for the purpose mentioned in the papers, and rest of the respondents (30%) were using the loan partially for the purpose mentioned in loan papers.

Table 2. Distribution of respondents by their credit utilization pattern.

S.No.	Item	Office bearer n= 30 f (%)	Member n = 70 f (%)	Total N=100 (f)
1.	Loan from the group	30 (100)	63 (90)	93
2.	Purpose of taking loan			
	• Production	22 (73.33)	49 (70)	71
	• Consumption	8 (26.66)	21 (30)	29
3.	Production purpose			
	• Shop(general, attachakki,STD/PCO)	6 (27.27)	15 (30.61)	29.57
	• Papad making	4 (18.18)	10 (20.40)	19.71
	• Pickle making	2 (9.09)	4 (8.16)	8.45
	• Stitching	6 (27.27)	12 (24.48)	25.35
	• Woolen items	2 (9.09)	4 (8.16)	8.45
	• Cot making	2 (9.09)	4 (8.16)	8.45
4.	Consumption purpose			
	• Purchasing animal feed	3 (37.5)	7 (33.33)	34.48
	• Repayment of old debts	2 (25.0)	5 (23.80)	24.13
	• Medical treatment	1 (12.5)	4 (19.04)	17.24
	• Meeting household expenditures	2 (25.0)	5 (23.80)	24.13
5.	Utilization of loan as mentioned in loan papers			
	• Completely	30 (100)	40 (57.14)	70
	• Partially	10 (3.33)	20 (28.51)	30
6.	Frequency of taking loan from the group			
	• Once	24 (80)	57 (81.42)	81
	• Twice	5 (16.66)	7 (10)	12
	• Not taken	1 (3.33)	6 (8.57)	7
7.	Taking loan according to			
	• Requirement	25 (83.33)	48 (68.57)	73
	• More than requirement	2 (6.66)	7 (10)	9
	• Less than requirement	2 (6.66)	9 (12.56)	11
8.	Amount of loan			
	• Rs. 500	2 (6.66)	17 (24.28)	19
	• Rs. 501 to 1000	14 (46.66)	41 (58.57)	55
	• Rs. Above 1000	12 (40)	7 (10)	19
9	Status of repayment			
	• Paid the loan	00	1 (1.42)	1
	• Repaying the loan	29 (96.66)	63 (90)	92
10.	Monthly installment of repayment			
	• Up to Rs. 20	2 (6.66)	13 (18.57)	15
	• Rs. 21 – 40	2 (6.66)	11 (15.71)	13
	• Rs. 41 -60	10 (3.33)	14 (20)	24
	• Rs.61 -80	00	00	00
	• Rs. 81 -100	4 (13.33)	1 (1.42)	5
	• Above Rs. -100	1 (3.33)	00 (00)	1
	• As per availability of fund	10 (3.33)	25 (35.71)	35

SHGs provides small amount of loan to their members, to avoid the burden of heavy repayment of installment, when one loan get repaid they take another loan for other purpose. Persual of Table 2 reveals that majority of the respondents (81%) had taken loan once, whereas few respondents (7%) did not take loan from the group. The data further reveal that about three fourth of the respondents (73%) took loan according to their need while few respondents took loan more (9%) or less (11%) than their requirements. Self-help group provide small to large amount of loans to its members as per availability of group funds. Table further depicts that more than half of the respondents (55%) have taken loan amount between Rs. 501 to 1000, while 19 percent of the respondents took the loan amount below Rs. 500 and above Rs. 1000. Monthly repayment of the loan in form of installments is very essential for smooth functioning of the group, so that money can be rotated by providing loan to other members also. Data in Table 2 show that about one fourth of the respondents (24%) were repaying the monthly installments of Rs. 41-60, whereas 35 percent respondents were repaying as per availability of funds. Further the data regarding repayment status reveals that majority of the respondents (92%) were still repaying the loan.

Problem experienced by women self-help group members in accessing rural credit: In spite of all the developmental efforts of government, the access of rural women to institutional source of credit is very low. It is because of some constraints or problems, the access of rural women to institutional credit is limited. Data in Table 3 regarding problem faced by SHG members reveal that most of the respondents (93%) mentioned that getting loans from institutional sources is a very time consuming task, as their needs are sometimes emergent and they have to move to non-institutional sources for credit.

Majority of the respondents (87%) reported problem like sanctioning of loan on the name of women is difficult, as the women do not possess any property or asset on her own name. The problem get compounded for women by the wide spread custom of registering property in the name of male members of the family. Other main problems reported by majority of the respondents (71-76%) were too many formalities for taking loan from institutional sources, distant locations of banks from village, lack of knowledge about processing of loan from banks, types of various loan and

bank facilities which were given to the women members as the members were not actively involved in the bank transaction.

Nearly two third of the respondents (60%) reported illiteracy and unawareness as a negative factor in getting access to institutional credit. Women borrowers tend to be small borrowers, they need small amount of immediate loan at frequent intervals. According to bank procedure, this kind of small lending at frequent intervals is not possible. Table 3 shows that more than half of the respondents (55%) mentioned that they have to take loan from the non-institutional sources as small and immediate loan sanctioning is not possible in bank credit and there was unavailability of document like ration card/voter identification card/domicile certificate. Essentiality to repay the loan installment timely was also reported by half of the respondents (50%). Therefore they used to take credit from friends and relatives, where delays in repayments and overdue can be granted. The table further reveals that half of the respondents (49%) mentioned that they do not take bank loan, because for individual loan from banks, collateral security is required. Collateral requirement is one of the most pervasive barriers to formal credit for women. Poor women generally lack clear title to land or other property that are accepted by bankers as collateral security, and as a result, women especially, widows get discouraged by this requirement. Even if they got the loan from the bank, the amount sanctioned to them usually remained less than the actual requirement (45%).

More often discrimination by the bank employees discourages the illiterate rural women from approaching the formal institutions. It can be seen from the table that one third of respondents (39%) reported that they did not access institutional sources of credit due to apathy and non-cooperative attitude of bank personnel.

Usually the financial institution permits only one loan per household, even though the wife and husband are engaged in separate income generating activities. Further, when men are defaulters women are denied loan. One fourth of respondents (25%) reported that loan couldn't be sanctioned to women if any other members from her family have taken loan from the bank. The rule of one loan per household limits the access of credit to women since women's needs are generally smaller, varied and different. The findings are supported by Rangarajan (1998), Archana and Singh (2000) and

Gaonkar and Mundinamani (2003) who reported that major problems faced by self-help groups were delays in repayments, apathy of bank personnel, collateral

requirement, non-possession of property and legal documents, distant location of banks and illiteracy.

Table 3. Distribution of respondents by the problems faced in accessing rural credit.

S.No.	Problems	Office bearer n = 30 f (%)	Member n = 70 f (%)	Total N=100 (f)
1.	Time consuming	25 (83.33)	68 (97.14)	93
2.	Difficulties in sanctioning loan on the name of women	19 (63.33)	68 (97.14)	87
3.	Lack of knowledge related to bank credit	24 (80)	55 (78.53)	79
4.	Too many formalities	26 (86.66)	50 (71.42)	76
5.	Lack of knowledge about processing of loan	15 (50)	59 (84.28)	74
6.	Lack of knowledge about types of loan given to individually	19 (63.33)	55 (78.57)	74
7.	Distant location of banks	23 (76.6)	50 (71.42)	73
8.	Lack of knowledge about bank facilities given to the women	26 (86.66)	45 (64.28)	71
9.	Illiteracy	15 (50)	45 (64.28)	60
10.	Unavailability of certificates (ration card, voter identification card, domicile certificate)	20 (66.66)	35 (50)	55
11.	No possibility of sanctioning loan immediately	30 (100)	35 (35.71)	55
12.	Lack of resource	22 (73.33)	30 (42.82)	52
13.	Essentiality of timely repayment	30 (100)	20 (28.57)	50
14.	Requirement of collateral / security for individual loan	12 (40)	37 (52.85)	49
15.	The amount of loan sanctioned is less than the actual requirement	28 (93.33)	17 (24.28)	45
16.	Lack of knowledge about the various institution for giving credit	15 (50)	30 (42.85)	45
17.	Apathy of bank personnel	7 (23.32)	32 (45.71)	39
18.	Loan cannot be sanctioned to the women if other member from her family has already taken loan.	15 (50)	10 (14.28)	25

CONCLUSION AND RECOMMENDATION

Credit can do wonders to the rural women living even in remote village in improving their economic condition and protecting them from the clutches of the village moneylenders. With the help of credit they can improve their economic condition, by utilizing the credit for income generating activities. It is observed that accessing the rural credit form bank, the women are facing many problems such as the women had lack of knowledge about rural credit institution and different components, distant location of bank, too may formalities and difficulties in sanctioning loan on the name of women etc. Therefore awareness programme regarding the source of finance and procedure for getting loan should be organized at the village level to provide financial support to the women. The procedure for acquiring credit, especially small loans, for setting up new enterprises or expanding existing ones, should be relatively simple, flexible and easy to the understanding

of the rural folk. The banks and SHG linkages should be strengthened with adequate manpower. Proper guidelines should be developed by banks for efficient and effective utilization of credit. It is undisputed fact that a little money, guidance, support and practical wisdom will embolden these women financially and mentally set them on a dramatic path of social development in physical terms. It will also lead to the opening of close minds and improving the quality of life and their social status. Credit is need for women as it improves women's access to resources and also control their spending thereby helping them to cope with poverty and state of backwardness.

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