SAHULAT

A Journal of Interest Free Microfinance

6

Contributors

Ajmal Bhatty

Dr. Baburao Sambhaji Jadhav

Dr. Bhavik Panchasara

Mahima Taneja

Dr. S. Renuga Devi

Vol. 5 **December 2016 and June 2017** **No. 1**

Guidelines for Authors

A Journal of Interest Free Microfinance is a research based refereed journal. It is published twice a year in June and December. It is brought out by the Sahulat Microfinance Society, New Delhi, India. Sahulat welcomes contributions from interested scholars all over the world. The areas of special interest for the journal are: Economic Development of Minorities; Poor People and Economically Weaker Sections of the Society; Financial Sector; Co-operative Effort and Co-operative Movement; Commercial Banking; Interest Free Finance; Microfinance and Interest Free Microfinance. The sole purpose of the journal is to encourage free and frank discussion on the issues of concern in these areas so as to develop them as scientific disciplines.

The manuscripts submitted for publication should be typed double spaced. The manuscripts may be submitted in duplicate or through email. If submitted by mail, soft copy may also be sent on a compact disc. No bibliographical reference should be inserted within the text. Instead, all references must be cited at the end of the text as end notes, which should be consecutively numbered. The style of citation in the end notes should be as follows:

Mehta, S. K., Mishra, H. G. and Singh, A. (2011). Role of Self-help Groups in Socio-Economic Change of vulnerable poor of Jammu Region. International Conference on Economics and Finance Research, IPEDR.4, 519-23.

Mummidi, T. (2009). Women and Income Generating Activities: Understanding Motivations by prioritizing Skill, Knowledge and Capabilities. RUME working paper series. Marseiiie, 1, 6-29.

When reference to the same work follows without interruption ibid followed by the page number may be used; when interrupted by other notes, author's last name, short form of the title, and Op. Cit. followed by page number may be used. Tables, maps and diagrams may be placed appropriately within the text or numbered consecutively and placed in an appendix at the end of the article after the end notes.

The Editor reserves the right to make editorial revisions.

All correspondence relating to editorial matters may be addressed to: sahulatjournal@gmail.com

Submission of an article for publication in this journal implies that neither it should currently be under consideration anywhere else nor published. It is the policy of the Sahulat Journal not to republish the articles that have been published before. The books for review may be forwarded to the editor in duplicate. However, the books shall be reviewed in the order in which they have been received.

ISSN 2319-2941

SAHULAT

A Journal of Interest Free Microfinance

A Bi-annual Publication of Sahulat Microfinance Society devoted to scientific investigation of issues involved in the development of poor people in India and abroad.

Editor
Shariq Nisar

Assistant Editor
Mridu Kamal

Sahulat Microfinance Society
Regd. Office: E-89, Darussalam Building, Flat No- 403,
Near Hari Kothi, Alshifa Hospital Road,
Abul Fazal Enclave Part-1, Jamia Nagar, Okhla,
New Delhi-110025 (India)

Sahulat: A Journal of Interest Free Microfinance aims to provide a forum for academic dialogue in a spirit of free enquiry. Presentation of information, responsibility of their interpretations, conclusions drawn and opinions expressed in the papers are the exclusive domain of respective authors. They do not necessarily reflect the view of the Journal, or its editor or the Sahulat Microfinance Society. All materials published in this Journal are accepted and published in good faith for academic dialogue and promotion of knowledge only. The Journal with its editor and other functionaries and Sahulat Microfinance Society bear no responsibility, whatsoever, in this connection.

Printer and Publisher:
Arshad Ajmal, on behalf of Sahulat Microfinance Society
Printed by : Drishti Printers, 9810529858, 9810277025
Printed at : Star Print o Bind, F-31, Okhla Industrial Area, Phase-1, New Delhi
Published from: E-89, Darussalam Building, Flat No- 403, Near Hari Kothi, Alshifa Hospital Road, Abul Fazal Enclave Part-1, Jamia Nagar, Okhla, New Delhi-110025 (India)

SAHULAT

A Journal of Interest Free Microfinance

Vol. 5 **December 2016 and June 2017** **No. 1**

CONTENTS

CONTRIBUTORS TO THE CURRENT ISSUE

Ajmal Bhatty
Managing Partner MassesGlobal.Org
Board Member, UK Islamic Finance Council
InsurTech Senior Advisor VibeInsure
E-mail:ajmalbhatty@massesgobal.org

Dr. Baburao Sambhaji Jadhav
Assistant Professor,
School of Social Sciences
SRTM, University, Nanded
Maharashtra- 421606
E-mail:jadhavbs08@gmail.com

Dr. Bhavik Panchasara
Assistant Professor - Accountancy,
Government Arts & Commerce College,
Tharad [B.K.]
Gujarat-385565
E-mail:bhavikpanchasara@gmail.com

Mahima Taneja
Research Scholar
Jawaharlal Nehru University
New Delhi- 110067
E-mail:tanejamahima@gmail.com

Dr. S. Renuga Devi
Faculty of Commerce
Kristu Jayanti College
Bengaluru- 560 077
E-mail:drrenugadevi1961@gmail.com

Editorial

This edition of the journal brings one article and four studies conducted on diverse issues. These combine together to give a comprehensive picture of the issues of microfinance, micro-credit schemes & related programs and their impacts on the larger community; especially those who are socio-economically marginalized due to several reasons ranging from poverty, religion to education and position in the society. This volume of the journal is a combined edition of December 2016 and June 2017.

The article titled "The *Takaful* Impasse Revisited" is a revised version of a paper which was first published in October 2013. This article is written in 2017, with a few additional areas to consider including the need for External *Shariah* Auditing and *takaful* as a disruptor in the age of the Internet of Things (IoT). The ethical aspects of *Takaful* are embedded in the co-operation approach, which focuses on risk sharing at the cost of self-interest. It has been evident that in the last 30 years, the ethical principles of *takaful* have not been fully embedded in the financial systems or markets. Thus, failing what *takaful* had set out to achieve. The author tries to focus on the critical issues that impede the growth and development of *takaful*, which have caused the impasse.

A study named "Factors Determining Empowerment of Women Through Microfinance" tries to explore the demographic details of the sample respondents in Coimbatore district and find the influence of the factors related to SHGs and microfinance in empowering the women population, as understood by the women themselves.

Another study titled "Financial Inclusion and Lower Income Minorities: A Study of Banaskantha District of Gujarat" analyses financial inclusion schemes with a socio-economic lens, to present an empirical data on financial inclusion among lower income minorities in Banaskantha District of Gujarat. It is one of the educationally backward districts of the state. The study concludes that there is significant financial exclusion prevailing among the lower income minorities, caused by various factors. One of the prime factors is the lack of accessibility of financial inclusion schemes and negligence of rural and remote areas by financial institutions.

The study titled "Micro-credit as a form of Self Employment: Issues and Challenges" focuses on the expectations from the concept of micro-credit, which

was to enhance the self employing activities for the poor. This study talks about the different issues and challenges on the ground that pose major threats to the self employment activities, which were initiated by different stakeholders, with the help of micro-credit. These stakeholders adopted micro-credit as a strategy for providing opportunity to the poor for income generation.

A study report titled "Occupational Patterns and Vulnerability among Muslim Communities", is an attempt to understand financial exclusion and vulnerability of Muslim communities in the economy of Bihar, through a case study of Katihar, a Muslim Concentration District. It argues that in the face of acute landlessness, unorganized labour and shift to self-employed activities, institutional support in the form of banking credit and micro-credit facilities can help in pulling the Muslim community out of the cycle of marginalization and poverty.

We welcome your feedback and contributions in the form of research articles, best practices, white papers, book reviews or technical notes. You may send your queries for submission or request for a copy of the journal to sahulatjournal@gmail.com.

Best Wishes,
The Editorial Team

ARTICLE

The *Takaful* Impasse Revisited

Ajmal Bhatty

As a practitioner of *takaful*, I have actively pursued its developments since 1985. The ethical aspects of Islamic Finance were a strong motivator for me to study the underlying *takaful* concepts, and how these concepts were the preferred choices over conventional insurance. I tracked the phenomenal success of Islamic finance in the Middle East and the Far East in the eighties and nineties and have been participating in research, promotion and practice of *takaful* ever since.

An older version of this paper was first published in October 2013. This is a revised version with few additional areas to consider including the need for External *Shariah* Auditing and *takaful* as a disruptor in the age of the Internet of Things (IoT).

The ethical aspects of *takaful,* stem from co-operative principles that emanate from "co-operation", the latter being the binding force of nature. Just as cells work together to produce valuable nutrients of life, so do humans work together like cells, in the body of humanity. Co-operation brings strength to society and community, showing us a way to go through life against its rigors, both natural and manmade.

Co-operative principles, the very essence of *takaful*, focus on risk sharing. This works at the cost of self-interest. We give up a little to gain collective strength that brings greater reward for the co-operating group and co-operating community and society. This equally applies to businesses where if these are run with a social conscience it is for the collective benefit of the community and society at large, the very essence of Islamic finance.

The participants and shareholders are supposed to be two pieces of a string intertwined to make *takaful* work. One cannot exist without the other. Takaful is not just proprietary nor is it just mutual; it is a bit of both. The co-operative principles embrace both the participants and shareholders as one body of co-operation, to bring prosperity to the society and the environment through channelling wealth and capital with a social conscience, responsibility and fairness, for risks undertaken and shared.

The concepts are designed to provide a just reward, encouraging the distribution of wealth through savings and insurance protection based on equity, justice and fair play. The co-operative principles help to enlarge the system as a caring and transparent one, for the welfare of society, free from exploitation. The sum total of wealth flowing through this system is directed to generate economic activity in businesses that are both socially responsible and eco-friendly, avoiding social ills that can otherwise arise from the creation of money from money, and linking deposits and investments to real underlying assets for a sustainable *takaful* proposition.

Herein however lies the impasse. What is evidenced over the last 30 years in a genuine pursuit by the industry to embed these ethical principles in a financial system or a market, it did not fully succeed in what it had set out to achieve in the first place. There are critical issues that are impeding the growth of *takaful* and its development.

Takaful is an integral part of Islamic financial system, and yet its growth has been far from being commensurate with the growth of Islamic finance. The economic losses resulting from insured events have continued to be largely financed by monies from conventional insurance, and more so by conventional reinsurance. This impedes attainment of scale of such a system that is intended to make the right ethical impact on societies and communities. The claims paid from monies from conventional reinsurance means dipping into a system that is outside the main premise of Islamic financial system, i.e. interest (*Riba*). The dispensation from the underlying principles exists where protection is afforded through conventional reinsurance until the "system" has credible *takaful*-driven reinsurance solutions. The dispensation was intended for a period when *takaful* and re-*takaful* companies were few in number and limited in capital and reserves. By 2017, we have over 35 years of dispensation and if it is to continue, then the *takaful* industry still has not reached that critical mass where it can command self-sufficiency in its own reinsurance capacity for at least the majority of insurance risks written on *takaful* basis. This raises the question, can the industry find ways much faster and earlier to overcome the issues impeding its growth in attaining the self-sufficiency it needs? It needs to move away from certain dispensations and allow others without compromising on the overall goals of enlarging the ethically based Financial Services System.

What is needed is for *takaful* proponents to accept that there are issues that should be critically examined and solutions found in fixing them. This paper is part of that critical examination with some suggested solutions.

The critical issues confronting *takaful* practitioners largely relate to processes that have proven to be difficult to be put into practice. The roadblocks facing the takaful practitioners are as follows:

1. Terms, definitions and processes that are confusing and misleading.
2. Expectations misaligned with the "Substance" of underlying concepts.
3. Complacency to adhere to "form over substance", creating serious gaps between theory and practice driven by logical mathematical realities.

Each of these roadblocks is discussed below.

1. Terms, Definitions and Processes that are Confusing and Misleading

Roadblocks: Tabarru (Donation), Surplus Distribution, Qard (Benevolent Loan)

1.1 ***Tabarru*** **(Donation):** The 'risk pool' is made up of amounts (insurance premiums), known as *takaful* contributions. In support of co-operative mutual principles, these contributions are deemed donated for the collective benefit of the participants in the pool (known as policyholders in conventional insurance). But the ownership of the pool is not contractually spelt out and has no legal standing as such. In the absence of any legal structure for *'Tabarru'* (unlike *waqf*), the ownership of this pool becomes that of the shareholders on legal grounds, thereby weakening the mutuality principles unless the co-operative principles can be redefined to embrace participants and shareholders to mutually helping each other. There are other forms where risk pool has a legal basis, such as '*waqf*' or 'trust', but this model is not widely applied within the *takaful* markets.

1.2 **Surplus Distribution:** The sharing in surplus of 'risk pool' stems from cooperative principles. In a small 'pool' with homogenous risk where severity and frequency of risk are containable within the size of the pool, the sharing of surplus works well (as is the case in many social forms of pooling or committees). However, in larger risk pools where 'price' of risk is impacted by market competition and may not be commensurate with underlying reserves covering the risk, including competition from huge conventional insurance pools, there is not enough understanding on how the risk pool must first be large enough through accumulation of reserves before any surplus can be distributed.

In any insurance*/takaful* operation there is a need first to build reserves to an adequate level before coming to surplus distribution. The general understanding built over the years in the industry is that surplus distribution is one of the benefits of co-operative principles. This is misleading. This lack of clarity stems from the point at which the doctrine of *tabarru* is applied.

There is one concept, that of *Wadia* (safekeeping), that has a contractual basis for establishing a pool for the participants. The act of donation (tabarru) comes after the insured event occurs and any payment from this pool is an act of *tabarru* on behalf of the mutual group. The fund has legal structure established within specific parameters such as participants waiving the rights to their contributions, claims paid as donations and surplus paid to them out of good underwriting results provided the pool is secure, stable and solvent.

The point here is that there is no cohesive approach to standardize such concepts within the global *takaful* markets. This has resulted in confusion and apathy and no 'walking the talk' has been done when it comes to the ideals of co-operative principles.

1.3 ***Qard*** **(Benevolent Loan):** The fundamental pillars of *takaful* are the co-operative principles and risk sharing. The theory is that *takaful* shareholders do not partake in the insurance risk and therefore do not share in the insurance or underwriting surplus. This would work perfectly well if deficits in the risk pool from excessive and/or persistent losses could be funded by participants themselves or NGOs or the State. Such deficits occur in certain types of businesses such as insurance risks related to industrial and commercial clients more so than in other types of risks such as life insurance (or family *takaful*). As shareholders are not part of the mutuality between them and the participants (mutuality existing only within the pool itself), the *Shariah* stance is that any deficits funded by shareholders are not an obligation on them. This is a perfect example of how theory is not holding in practice. If participants know that they have to correct the deficits, there will be no participants coming to *takaful* companies. Neither are there state or NGO-funded *takaful* companies. The fact is that all *takaful* companies are commercial organisations, with the ethical dimension of committing their capital to social solidarity but at the same time expecting to earn a decent return on their investments. On the other hand, *takaful* companies are mandated by statutory regulations to correct such deficits. The mathematics of risk tells us that there will be losses every now and then, and at times

these will be large. Managing this risk means spreading the risk through reinsurance, but for the retained risk, still there are real mathematical probabilities for deficits arising in the pool. If these deficits cannot be recovered for a long time, or never (in case of a re-*takaful* company whose client defaults), the debt (*qard*) has to be written off, which means this risk was never shared but was always on the risk transfer list. The very fact that '*qard*' is obligatory under statutory regulations wherever takaful companies operate, makes it transfer the risk. The *Shariah* advisors and industry bodies need to recognize this fact and come up with an acceptable "form" to justify the underlying "substance" of social solidarity on mutual and co-operative basis, made possible only by the shareholders' capital.

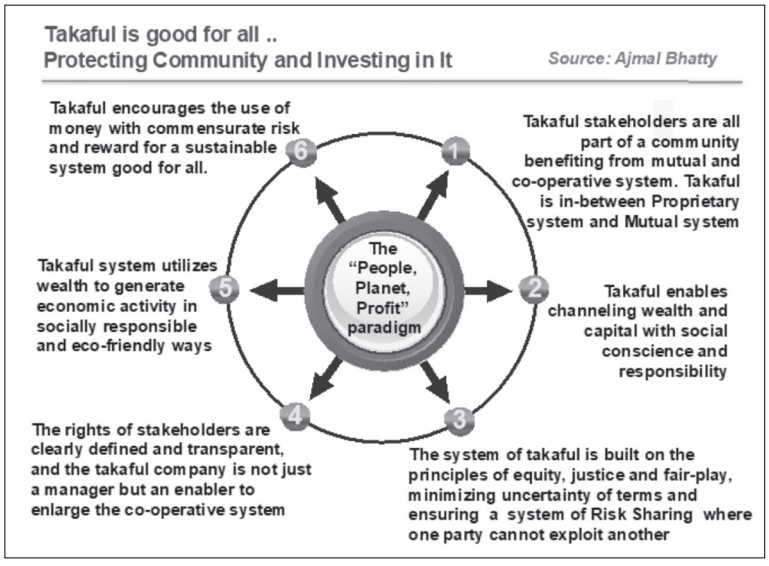
Risk management on the basis of risk sharing is most challenging at the re-*takaful* level. Pooling of risks of different *takaful* companies into one re-*takaful* pool creates issues for re-*takaful* companies. This is due to commercial (*tejari*) competition between *takaful* companies where two competing clients of a re-*takaful* company may have good and bad underwriting results. This can result in a company with good underwriting results to suffer from losses of a company with bad underwriting results. Sharing of profits and losses in this way would work well in the spirit of 'risk sharing' if the whole market had the *takaful* system but not where *tejari*-driven *takaful* companies have to compete (for their survival) within their own industry and with conventional insurance.

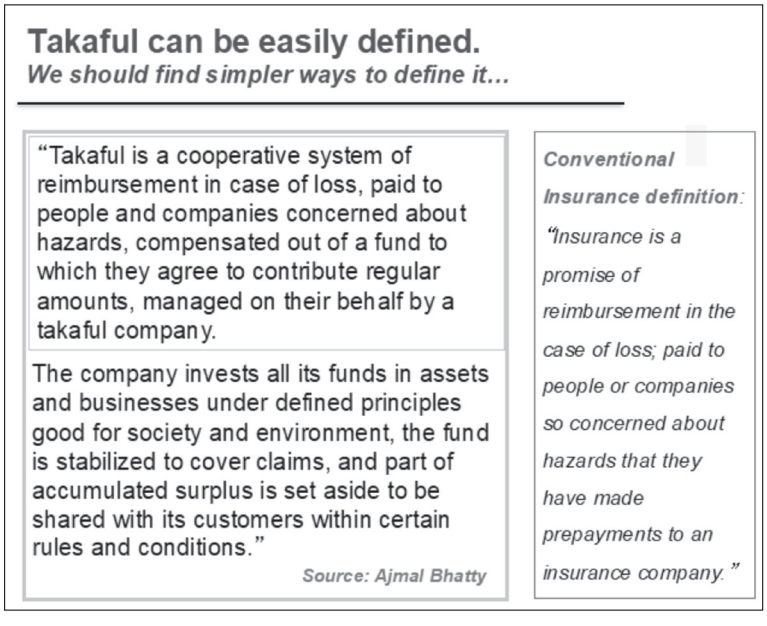
2. Expectations Misaligned with the "Substance" of Underlying Concepts

Roadblocks: Forgetting the Ethical Dimension, Ignoring the Commercial (Tejari) Nature of Takaful

2.1 **Forgetting the Ethical Dimension:** The real meaning of *Takaful,* explained at the beginning of this paper, has not been getting across to customers. Focusing on providing the basic need for insurance is what has kept the *takaful* companies busy, and not enough attention has been given to the ethical dimension. Companies have not been marketing *takaful*'s unique brand value, which is its goodness for all, protecting the community and

investing in it. A lot of this is to do with the mind-set of practitioners who feel *takaful* is a niche business, appealing to certain sections of the society only. We have seen this happening in the United Kingdom and some parts of the Middle East, but not so much in Malaysia and Sudan where *takaful* has better footing within the mainstream insurance industry.

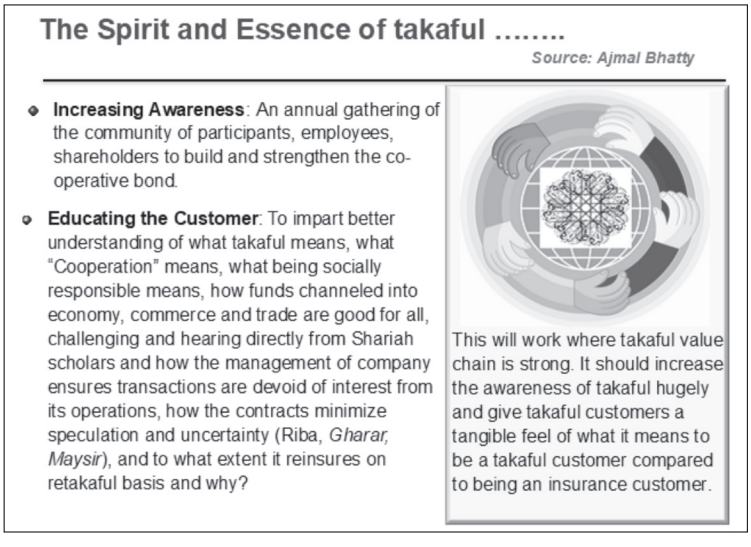




The industry needs to do more in propagating the goodness of *takaful* in the Internet space and search engines. A simple internet search on *takaful* gives explanation and definitions that many may find confusing. These definitions mostly start off by explaining the "form and not the substance" of *takaful* system. This satisfies only niche customer segments but it does not focus on the ethical dimension and social aspects of *takaful* that has universal appeal for everyone.

The ethical dimension of *takaful* has the universal appeal in the idea - if it is good for one, it is good for all. This in fact also applies to Islamic finance generally where insufficient level of awareness exists amongst the retail customer segments.

Takaful has a much stronger case in this respect, because of the goodness of its co-operative principles focusing on community and social aspects, all the way to micro-*takaful* level.

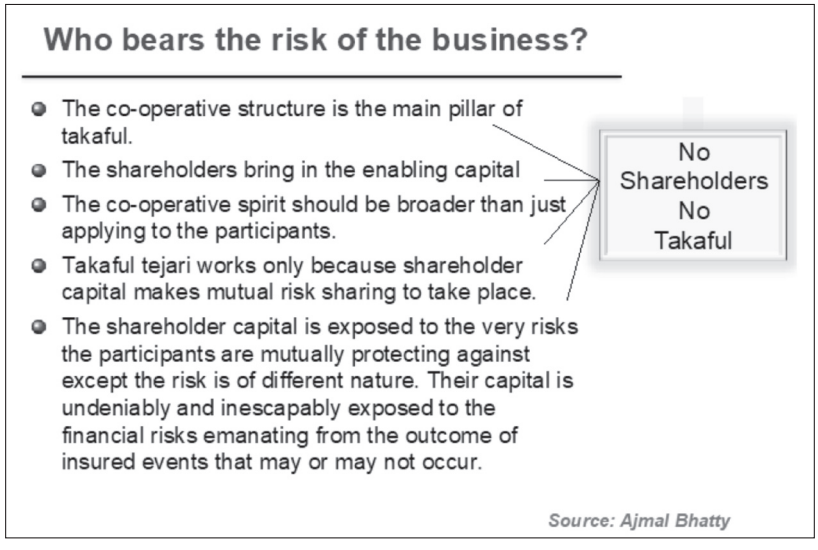


Institutions like the Islamic Development Bank can be the catalyst between the Organisation of Islamic Co-operation (OIC) countries and local and global NGOs in putting together programs under micro-*takaful* in conjunction with microfinance. This can benefit millions who are in desperate need to get out of the shackles of circumstance and be lifted into financial independence. This in itself can propel the awareness and promotion of *takaful* concepts,

taking this industry into a dimension where it should be and has not been there so far.

2.2 **The Commercial (*Tejari*) Nature of *Takaful*:** There is a conflict between *takaful's* benevolent and charitable nature and its commercial proposition. It can be set up on a charitable basis where an NGO or government body plays the role of the lender of last resort.

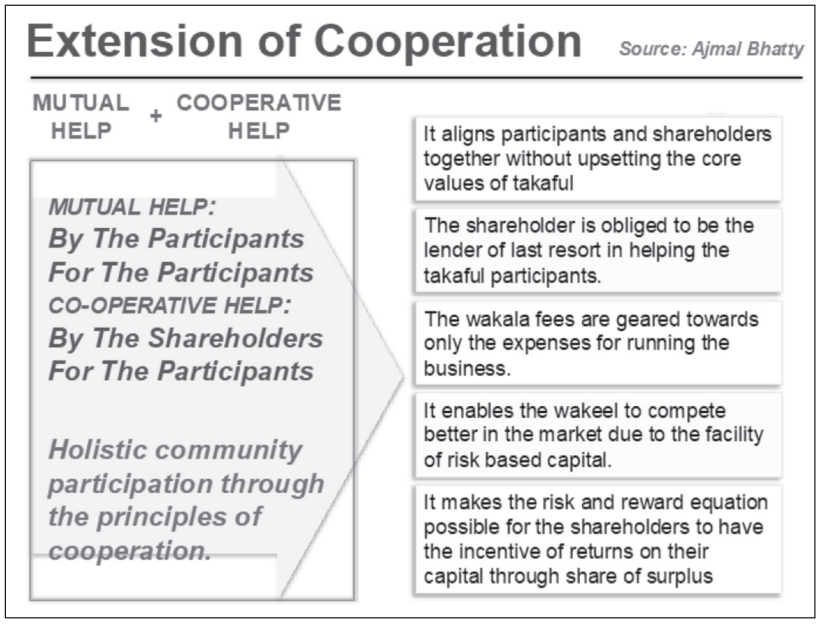
However, as we know of the *takaful* industry, it operates on a commercial basis only, where the shareholders expect returns commensurate with business risks they take. This has led to a confusing picture of shareholder revenues sourced from *wakalah* fees, excessive out of necessity, and the rest of the income coming from investment returns. This is like sharing of business risks but not its rewards, on commensurate basis. If the business risk of deficit funding was to be removed from the shareholders, then not sharing in underwriting surplus would be justified.



The above illustration emphasizes the fact that *takaful* business cannot exist without shareholders' capital; rather it is the basic requirement for setting up a *takaful* mutual system. In that case, why there should not be a solution, where the concepts of co-operation are extended to include a body of people, those who seek protection (participants) and those who can help them to achieve this protection (shareholders), within their defined rights

and operational rules? The solution should ensure that it works without excesses and exploitation, and still adheres to all the ethical aspects of *Shariah* compliance.

The industry needs to find ways to rationalize, within the co-operative *takaful* spirit of protecting the rights and benefits of insured customers, an approach for shareholders to receive fair rewards for their underlying business risks.



This is especially of vital importance for *takaful* companies, floated on stock exchanges, inviting investors to invest in them.

3. Complacency in Adhering to 'Form' over 'Substance'

Roadblocks: Operating on Models with Loopholes, Shariah Complacency, Lack of Focus on Mathematical Solutions within the Realms of Shariah Compliance

3.1 **Operating on Models with Loopholes*:*** There has been considerable debates on *takaful* models, as each model has been found to be an imperfect fit in satisfying the expectations of participants and shareholders within the confines of co-operative principles. The important consideration is to have a *takaful* operational system that works at business, economic and co-operative levels for long term durability and sustainability of the business;

supported by shareholders' equity, behavior of participants, mathematical realities of claims creating surplus/deficit and recurrence and accumulation of deficits. Instead, the current models have been applied because these come from known approved *Shariah* contracts that do not fully satisfy all aspects of the business of insurance i.e. *takaful*.

In *Wakala* model, while wakala fees are a definite source of revenue for operator/ shareholder; these are also open to exploitation albeit with a later trap of insufficient reserves leading to obligatory *qard*. The fee revenue effectively becomes a "risk free" source of income taken out of participants' contributions. In *Mudaraba* model, on the other hand, the revenue is risk-based derived from positive financial results and are effectively deemed to be reimbursement in arrears of expenses incurred over the course of the previous year.

The question that needs to be asked is, what is the right way of deciding how large should be the *wakala* fee and for how long can the remainder of aggregate contributions continue to be set aside, before some of it can be distributed back to eligible donors as reward for risk sharing? This can only happen over time as donors join and leave in a continuous flux. If a surplus is distributed it may not necessarily go back to the ones who had contributed towards it as they may have left the scheme, but that's okay if it is accepted within the spirit of mutuality between generations of the participants, unlike the conventional insurance system.

Where risk is priced or underwritten incorrectly, reserved insufficiently or the claiming experience is worse than expected (and the chances of this happening in general *takaful* are much more than in family *takaful*); the overall outflows can exceed the available reserves, creating deficits that are then funded by the shareholder capital as *Qard* (a loan) on benevolent basis. In practice, there is an imposition of arbitrary limits on *wakala* fees, on *mudarabah* share of investment returns and on performance incentive fees out of underwriting surplus (if allowed). The arbitrariness of these limits creates financial imbalances and impedes the ability of *takaful* companies to take on new business with different risks.

Each company ends up with its unique risk profile driven by types of risks it is writing and creating a specific burden of *Qard* on shareholders. This raises a multitude of scenarios where shareholder capital is exposed. Here is a list of questions that need to be addressed. i) How can the burden of

Qard be minimized? ii) At what level *wakala* fees can be adequate to service the business expense? This question arises because the level of fees needs to be commensurate with the degree of maturity of business, whether it is a new or an old established company within the constraints of the price of acquiring new business? iii) What is a fair balance in fixing the percentage of investment returns and underwriting returns to satisfy the concept of risk and reward within the principles of co-operation (risk sharing)? iv) Are we clear in recognizing the impact of claims on the risk pool established on a commercial *tejari* basis where one cannot recover deficits from the participants and where shareholders expect fair reward for the risk to which their capital is exposed? v) How the applicable models enable or disable to manage *Qard* due to excessive impact of risk within the principles of risk sharing. When such deficits are recurring or become irrecoverable, the impact of risk ends up with the shareholders. vi) Is this workable within the larger picture of building a sustainable and durable *takaful* business, that is managed on a commercial basis?

3.2 **The *Shariah* Compliance**: A great deal of pioneering work has gone into setting-up, tweaking and re-tweaking the systems of Islamic banking, finance and *takaful* and making a huge success of it. Several very prominent and respected *Shariah* scholars have been very much part of this success story. This has also given rise to a whole new area of employment for *Shariah* advice on compliance and audit. The demand for *Shariah* advice has far out-weighed the supply of *Shariah* advisors. This has resulted in compliance solutions delivered within a limited period of time, sometimes without enough information to understand the full impact of *Shariah* ruling in the practical application in banking, finance and *takaful* business.

As far as *takaful* goes, the issues highlighted in this paper that are of substance rather than form, are of fundamental consideration. This is where if the *Shariah* advisor had a good grounding of the business side, the matters of substance and form would have been considered together to come up with practical working solutions.

The principles of necessity (*Dharurah*) continue to be applied unchecked, and *takaful* is still being reinsured on a conventional basis. This is partly for reasons explained in this paper, where enough capacity is still lacking in re-*takaful* space, and that in turn leads to issues confronting re-*takaful* companies impeding their development.

For a *takaful* proposition to be fully compliant, it needs to be so at all the stages of risk management from *takaful* to re-*takaful* to retrocession. '*Dharurah*' has played a big part in enabling the *takaful* industry to grow by facilitating the management of risk when there was insufficient *Shariah* compliant capacity available. This practice continues despite the availability of more re-*takaful* avenues. Certain placement of risk on conventional basis, however, is still justifiably needed. As risk cannot be accumulated and retention has to be manageable, re-*takaful* companies for example retrocede to the wider market, which happens to be conventional.

There have been encouraging developments in the possibilities of independent assessment through National *Shariah* Boards and External *Shariah* Auditing of the *Shariah* rulings and *Shariah* compliance policies of businesses and companies, such as in Malaysia, Bahrain and UAE. For eg. *Shariah* scholars should not be represented on multiple boards. UK's Islamic Finance Council has spearheaded the external *Shariah* auditing concepts. Industry leaders hope that more markets will adopt the approach of National *Shariah* Boards and External *Shariah* Auditing to bring greater harmony to industry standards, with better clarity on the role of *Shariah* committees within each company, in their supervision and control. There is a need to constantly monitor the state of the industry adhering to the ethics of *Shariah* principles through recognized independent guidelines with regulators and practitioners.

3.3 **Lack of Focus on Mathematical Solutions within the Realms of Shariah Compliance:** The mathematics of law of large numbers as integral part of co-operation is the only way to assess and manage insurance risk. Martin Nowak and Roger Highfield write in Super Cooperators, "Mathematics is characterized by order, internal consistency and abstract relationships but its meaning is constant for everyone. It cannot mean different things to different people as mathematical explanation is objective and complete with universal logic and universal rules. Beyond the dimensions of space and time, mathematics inhabits a non-material realm, one that is eternal, unchanging and ever true". Issues highlighted in the previous section are not juristic matters, but technical matters that beg the question of applying mathematical models by actuaries in assessing long term impact on the durability of business of *takaful* within each company. These are fundamental issues. More understanding is needed between *Shariah* advisors and *takaful* operators with the help of mathematical explanation of risk models that can highlight the impact of risk on reserves and *qard.*

4. *Takaful* as a Disruptor of Insurance

The word "disruptor" is synonymous with Uber, Airbnb, Google, Amazon, Alibaba and Crowd Funding, uprooting and changing how we think and do business with ease and confidence, radically different from the old ways of doing the same things. *Takaful* was (and is) a disruptor in that sense. With the advent of the Internet of Things, *takaful* can leapfrog into a great trajectory, enabling participation in risk sharing from the comforts of our homes and businesses, like never before. This is already evident from start-ups such as Lemonade and Insure-a-Thing 7 that have stark similarities to how *takaful* works.

5. The Plea

The plea is for the industry bodies, regulators and practitioners to examine issues confronting the *takaful* industry, to actively promote the ethical dimension of how *takaful* strengthens the socio-economic condition of people and communities at large. That would also help to re-examine how models and processes make changes in ways that would break the shackles that are impeding the growth of "ethical" insurance, good for society at large.

Mathematical solutions need to be brought into the juristic realms of *Shariah* compliance to re-evaluate the current approach of fixing fees and returns, to the operator, customer or shareholder. The future growth and success of *takaful* is very much dependent on this, the mathematics of co-operation, in finding durable solutions.

If the level of fees and reserves is kept within the parameters of mathematics for finding the best fit, built on mutual co-operative principles embracing not just the participants but also the shareholders as one big co-operating community, then many of the inequities disappear, resulting in the following:

1. The interests of participants and shareholders will align without upsetting the core values of *takaful* (avoiding and minimizing *gharar*, *maisir* and *riba*). The principles of risk sharing recognize the shareholders' support without which the impact of risk remains unwieldy.

2. The shareholders' role as the lender of last resort will be recognized within the juristic realm as an obligation. This is about technical nature of business within the overall juristic parameters and should fit in well with regulatory requirements of the capital backing.

3. If *wakala* fees are geared mainly to cover expenses for running the business, it would push down maximum limits within which the *wakeel* must charge this fee to pay for expenses. If a *wakeel* is running a high expense bill then that can be due to high start-up cost in a new company or it may reflect mismanagement in a more established company. Returns to the shareholders then, are not entirely dependent on *wakeel's* management fees (that come from fixed and known amounts paid by the participants as contributions) rather it is linked more to variable source of surplus/deficit of business in the spirit of risk and reward going hand in hand. Different considerations apply to re-*takaful* companies where *wakala* fees could be a source for not just the expenses but a margin for irrecoverable *qard*. *Qard* can become irrecoverable where a participant company runs a deficit and eventually is unable to transact business. The re-*takaful* company will not have any recourse to recover this *qard* as other participating companies see this as a burden on them, one which they find they can easily avoid by ceding to conventional reinsurers.
4. The performance incentive fee for the shareholders becomes a just reward for the risk taken by them.
5. It enables the *wakeel* to compete better in the market due to the facility of risk based capital available from the shareholders, with less reluctance.

The ethical dimension of *takaful* system is what matters. It cannot, however, be promoted as such effectively if the issues of impasse remain. The industry is expected to be USD25.5 billion worth of premiums by 2020. This number sounds large, but compared to the size of insurance market (USD4.7 trillion in 2016) it is small and should be a much larger multiple of its current size. In countries where *takaful* is needed and the life insurance penetration is very low, in places where it is less than one dollar per capita but the GDP per capita is high, there is huge potential. Large risks in oil, chemicals, energy, aviation, engineering, etc. don't get insured as *takaful* due to lack of security and capacity of *takaful* and re-*takaful* providers. Correcting the impasse will unlock this potential, and that too, on ethical footing.

References:

1. Super Cooperators, Martin Nowak and Roger Highfield
2. Ernst & Young World *Takaful* Reports
3. AAOIFI workshops on Performance Fees
4. ISFB workshops on *Takaful* Risk Management
5. General *Re-takaful* Manual, Technical Foundations, Munich Re
6. http://www.ukifc.com
7. http://insureathing.com/

APPENDIX

Takaful Models

A Model must satisfy essential parameters of a takaful system both for the client and the Company.

a. For the client, the model must address aspects of co-operative pool, benefits, solvency and long-term sustainability.

b. For the Company the model must address aspects of expenses, margins and returns.

The benefits are the amount insured in case of claim. The collective reward from the pool ought to be available after the pool is adequately reserved and there is overall surplus.

Expenses are margins which may be covered in one or more of the following ways:

a. Proportion of contribution

b. Percentage of pool (risk fund, participant fund etc.)

c. Percentage of investment profits

Different models exist to manage the essential characteristics of Takaful system. These are

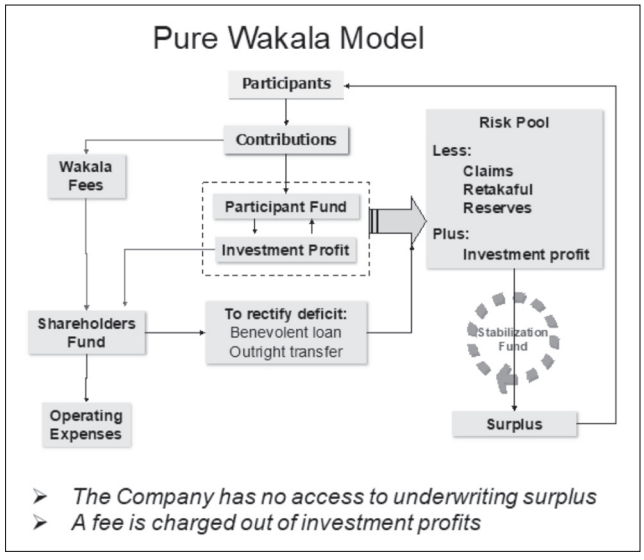
1. Wakala model
2. Mudaraba model
3. Co-operative model
4. Waqf/Wadia models
5. Hybrids of Wakala and Mudaraba models

The most commonly used models are the Wakala and Mudaraba models. The Co-operative model introduced in Saudi Arabia in 2005 allows the overall profit of the Company to be shared with participants. The Waqf model provides a recognized basis within the Islamic jurisprudence of contractually dealing with aspects of tabarru. The Mudaraba Model is primarily used in Malaysia and few other markets, but Wakala is the most widely used model.

Wakala Model

Wakala literally means Agency. The Company is the Agent or Wakeel, charging the client for its services to ensure contractual terms are met and benefits realized. Through the Wakala contract, the company acts as agent and is authorized to execute and manage the tasks of takaful business.

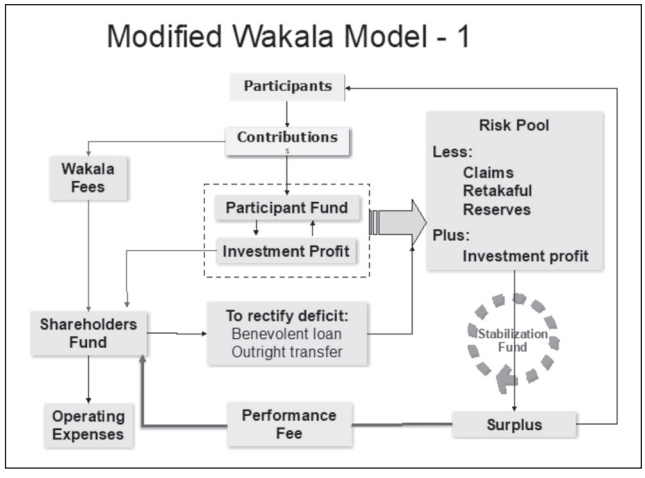
1. The essential parameters of a takaful system are contributions, co-operative pool and defined amounts (benefits) payable to the participants for the insured event.
2. Benefits are the sum insured in case of claim, and a collective reward from the pool where there is overall surplus from the pool that is well reserved and solvent.
3. Expenses, acquisition costs and margins are mostly covered through Wakala fee as a proportion of contributions and investment profits. A charge out of participants' fund and risk pool is generally not allowed with some exceptions.



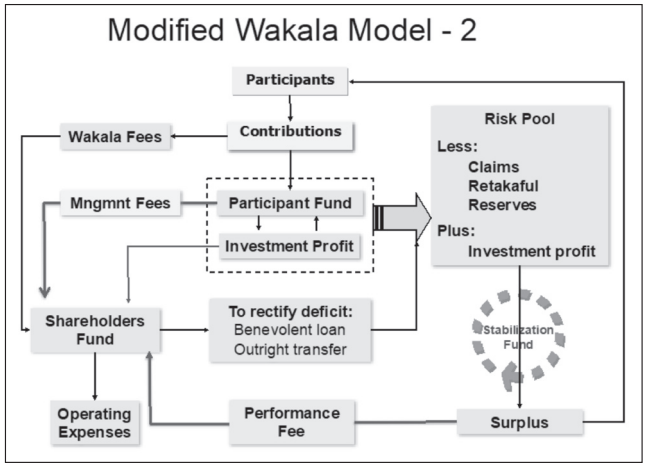
4. The day-to-day operation is delegated to the Company. The Company becomes the custodian of the co-operative pool and performs functions such as:
    a. Underwriting process to assess respective risks;
    b. Fixing price of risk (contributions) commensurate with underlying risk;
    c. Processing claims and paying to claimants under agreed terms and conditions.
    d. Investing contributions and funds in compliance with defined Shariah principles.
    e. Ensuring the whole system remains solvent.
    f. Any deficits in the pool may need funding from the shareholders.
    g. The wakeel has obligation to make the company efficient and enlarge the pool of participants.
    h. Shareholders expect a return on their investment.
5. Many scholars question the permissibility of the company to share in the underwriting surplus as conceptually this belongs to the participants. The pure Wakala model recognizes this aspect.
6. The Company's margins come from wakala fees to cover acquisition costs, management fees and a return on shareholder capital. There is a commercial limitation to how much one can charge upfront from contributions or the pool. This point is particularly important for new or young takaful companies where the set-up costs are high and new business

volumes have a low base. There may be many years of expense over-run for such companies and if claims experience is unfavorable in the beginning, the operator would face mounting underwriting losses. This forces the shareholders to expose more of their capital to support these losses, which can become unsustainable.

7. For these reasons, modifications were applied to the pure wakala model to allow performance incentive fees for the operator. This results in lower charge in Wakala fees up-front with a share in underwriting surplus for shareholders within the spirit of co-operative principles embracing the larger body of community of participants and shareholders. Higher underwriting profits with growth in reserves, aim to achieve stable financial conditions.



- Performance Fee out of underwriting surplus



- Management fee as proportion of Participants fund
- Performance fee out of underwriting surplus

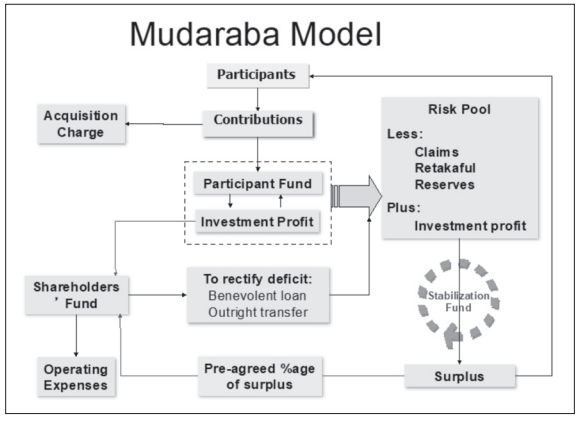
Mudaraba Model

This Model is closer to the true essence of takaful principles as it helps to maintain a greater independence of participant and shareholder accounts. The operator is more exposed to risk of expense over-runs especially when the business is unable to generate enough profits to pay for expenses, let alone provide suitable returns on shareholder capital. Under the pure Mudaraba model, apart from business acquisition costs, the operator cannot charge direct management fee out of contributions or the fund but has the right to share in the underwriting and investment profits.

Some consider contributions (premiums) as the capital of the participants which makes this model deviate from the concept of donation (tabarru). It is better suited to investment and savings products than protection products.

The basis of Mudaraba contract is as follows:

1. Mudaraba is a business arrangement between two parties. One party has the capital and is called 'rabb-al-maal', and the other party undertakes management and administration of business called the 'mudarib'.
2. The Mudarib could be restricted to do business within constraints of dealing in certain aspects only or be free to conduct business as seen fit within certain business aims and objectives. This is possible only under the condition when there is no other Mudarib and the investment/capital of rabb al-maal is not mixed with his own investments. For Takaful, the unrestricted Mudaraba arrangement is called Mudaraba al Mutlaqa.
3. The conditions of a Mudaraba contract are as follows:
   - Profits of business are distributed in a pre-agreed ratio
   - The provider of capital owns the assets
   - Losses lie with the capital provider
   - The Mudarib only has a share in profits and has no right to receive a fee or salary.
   - The rabb al-maal oversees the activities of Mudarib and can work with him if Mudarib consents to it.
   - Share of surplus is the only source to absorb operating expenses



Apart from these differences, the management of takaful system is the same as under Wakala Model.

CASE STUDIES

SAHULAT

A Journal of Interest Free Microfinance

- Brought out by the Sahulat Microfinance Society, New Delhi.
- Contains articles, reports, comments, book reviews and documents.
- Source of valuable information for post graduate students, research scholars, teachers, scholars and field workers in the areas of microfinance, development studies, cooperative movement and interest free banking and finance.
- Issues in Economic development, microfinance, interest free banking and finance, social and economic inequalities, financial inclusion of deprived are the main focus of the journal.

Subscription Rates (per copy)

In India : ₹ 150.00

Abroad : US$ 10.00

Annual Subscription : (Two Issues per Year)

	India (₹)	Abroad ($)
Individuals	250	18
Libraries	400	25
Students	200	15

Sahulat Microfinance Society

Regd. Office: E-89, Darussalam Building,
Flat No. 403, Near Hari Kothi,
Alshifa Hospital Road, Abul Fazal Enclave Part-1,
Jamia Nagar, Okhla, New Delhi - 110 025
Tel.: 011-29940031 / 32 E-mail: sahulatjournal@gmail.com
Web: www.sahulat.org

Factors Determining Empowerment of Women through Microfinance

Dr. S. Renuga Devi

Abstract

Gender specific barriers are prevalent in countries like India which denies education, health, employment, freedom in work, speech etc. Women's life is affected by the existence of patriarchal culture and tradition within the household. It is further articulated by caste barriers. Gender equality and improved economic access expedites empowerment among them. Liberation of women is an essential pre-requisite for economic development and social progress of the nation. Women could influence others or make decision, exhibit self-confidence, enjoy better status and play effective role in household through economic empowerment. The Government of India planned to have policies and programmes leading to empowerment of women. Different forms of credit facilities are made available and micro financing is one such instrument to enable the women engage in different kinds of economic activities with the skill they possess, thereby, earning income for their livelihood and betterment of their family. In India, Self-Help Group (SHGs)-Bank Linkage Programme is a cost-effective mechanism for providing financial services to the "Unreached Poor". The rural women can strengthen themselves through collective self-help capacities by meeting their financial needs. This SHG formation turned into a movement for empowerment among women across the country. The women form a group to help themselves by taking up an employment opportunity available in their local area to meet their bare economic needs and become economically empowered. Under this environment, the present study tries to explore the demographic details of the sample respondents in the study area i.e. Coimbatore district and find the influence of these factors in empowering the women population.

1. Introduction

Indian women, who were participating in nationalist movements in the process of independence, are being pushed into the domestic household space, to their resurgence as super-women today. It revealed that women have always held a certain paradoxical position in our developing country. India has seen an increased percentage of literacy among women, and they are now entering professional fields.There was a scenario when they were restricted to the household activities and became homemakers, and were mainly meant to build a strong home to support the men who were to build the newly independent country.

With the passage of time, a lot has changed for the women since those dark ages of the 1950s. Even though there exists exploitation of women, one can't deny that the situation has improved since the earlier times. Women in India are occupying all fields of activities. But, along with being achievers, they are also expected to fulfil their roles as wives or mothers, prioritising home against anything else. Hence, the position of women remained marginalized with the absence of education and with early marriage as per the wishes of the parents, even before the age of 18. The journey towards total empowerment of women is full of potholes. Extensive inequalities continued with respect to their access to education, health care, physical and financial resources and opportunities in political, social and cultural spheres. It was almost impossible for women to have a choice or a say in decision making, relating their own affairs like their marriage, career or life. It is the need of the hour that the Indian woman makes her way through all the socialised prejudices against her. This is true especially in case of rural women.

The rural women have been the vulnerable section of society and constitute poverty-struck population. Even with the on-set of development with the growth of the economy (GDP 7.3 per cent in 2014-15), the issues such as persistent poverty, corruption, clientelism and inequality are continuously growing. The social and economic ethos in India is still with no improvement. Gender biases due to patriarchal culture and tradition, continue to exist within the household, impacting women's lives in the public and private sphere. Caste barriers further increase the discrimination against women. It is evident that gender specific barriers are prevalent more in rural India which denies education, health, employment, freedom to work, freedom of speech etc. Liberation of women is an essential pre-requisite for economic development and social progress of the nation. Women could influence others or make decisions, exhibit self-confidence, enjoy better status and play effective role in the household through

economic empowerment. Emancipation of women is an essential pre-requisite for economic and social development of the nation in order to ensure complete development through involvement of women in all spheres of activities.

Empowering women helps them to gain equality with the other gender and improves economic status among women, which is one of the key constituent elements for poverty reduction. Women empowerment, which has gained momentum in recent decades, is a global issue. Efforts have been made by the government of different countries of the world, to empower women. This enhanced women's ability to influence or make decisions, increased their self-confidence, provided them a better status and role in the household etc. Hence, sustainable development of a country is facilitated by empowerment of women, through education and employment.

The multi-dimensional social process viz., empowerment helps people to take independent economic decisions, gain control over their own lives, rights, privileges in their society, by acting on issues that are important to them. Empowerment at various levels such as individuals, groups and communities in terms of sociological, psychological and economic spheres, challenges our assumptions about status quo, asymmetrical power relationships and social dynamics. Empowerment of women socially and economically enables the entire nation, businesses, communities and groups to grow in different dimensions. The Human Development and Capabilities Approach, the Millennium Development Goals, and other credible approaches point out that, empowerment and participation are necessary for a country to overcome the obstacles associated with poverty and development. It insisted on achievement through the implementation of programs and policies for empowerment. Since women's empowerment is the key to socio-economic development of the community; bringing women into the mainstream of national development has been a major concern of the government. The government of India started developmental programmes with special components for women in mind and funds are earmarked as "women's component" to ensure flow of adequate resources for the same. Different forms of credit facilities are made available through various programmes and one such instrument is micro -financing. Microcredit is a provision of credit services to the poor clients. It is a source of financial services for entrepreneurs and small businesses, lacking access to banking and related services.

Microfinance is a powerful instrument for poverty alleviation in the economy especially in the 21st century. Microfinance provides funds enabling women to take up small business activity in their locality like vegetable selling, goat rearing,

tailoring activities etc. to earn income. This in turn helps to gain economic self-reliance, overcome exploitation and create confidence in women. In India, microfinance is dominated by Self-Help Group (SHGs)-Bank Linkage Programme as a cost-effective mechanism for providing financial services to the "Unreached Poor", which has been successful not only in meeting financial needs of the rural poor women but also strengthen collective self-help capacities of the poor, leading to their empowerment. Rapid progress in SHG formation has now turned into an empowerment movement among women across the country.

The role played by self-help groups in the field of women empowerment is being recognised these days. The SHGs are characterized by a focused attention on providing employment opportunities by imparting training and required funding in order to generate income and employment. The SHGs are voluntary organisation to fulfil their collective needs. The members of the group who are common in respect to social background, heritage, caste or traditional occupation, come together for common cause to raise and manage resources for the benefit of the group members. These groups with homogeneous social and economic background, come together to save regular sums of money and mutually agree to contribute to common fund in order to meet their emergency needs through mutual help. They may be a registered group under the self-help group concept or unregistered group of members without having association with any organization. The unregistered group, act informally with their unwritten regulations for their activities. In India, this enables them to fulfil their needs and they avoid going to money lenders to get financial assistance. The needy persons are mostly poorest and they have a determination to strengthen themselves economically and socially through mutual help, to meet their financial requirements. They contribute small amount to the pool, which is used by them to take up economic activities to generate some additional income for their family. In addition, this income is also used to fulfill their personal needs like good food, education for their children, invest in gold and eliminate poverty and gain economic status. Thus, they gain economic and social empowerment.

Under this background, the present study assessed the economic benefits and security derived by the self-help groups in the study area. Hence, the present study is a fact-finding exercise with respect to the following:

a) The economic benefits received by the members through SHGs, which enhanced their empowerment and

b) The influence of socio-economic variables on the economic security enjoyed by them

2. Review of Literature

Few reviews of past literature pertinent to general impact derived from microfinance are given here to portray the fact that microfinance has empowered women in various aspects of life like economic empowerment, household well-being, and social empowerment at the individual level.

Anand, S., & Newport, K. (2005), from their study revealed that access to microfinance has the potential to assist the poor in earning income from micro-enterprises, smooth their income & consumption and help households diversify their income sources. Ranjula Bali Swaina and Fan Yang Wallentin (2009) strongly indicated in their study that SHG members are empowered by participating in microfinance program. They have a greater propensity to resist existing gender norms and culture that restrict their ability to develop and make choices. Rajib Chakraborty and C.V. Jayamani made a modest attempt to explore the role of microfinance as a financial instrument for enhancing women empowerment through eradicating all financial and social obstacles. Their study acknowledges that despite bottlenecks, microfinance is capable of graduating the poor and helping them to scale up to a better living; and playing significantly positive role in upgrading women's empowerment. S. Sarumathi1 and Dr. K. Mohan (2011) assessed the role of microfinance and SHGs as an effective tool in reducing poverty, empowering women and creating awareness, which finally results in sustainable development of the nation. They revealed that there is a definite improvement in psychological well-being and social empowerment among rural women as a result of participating in microfinance through SHG programs. Ondoro and Omena (2012) revealed that the micro-financing revolution effectively demonstrates that when poor households have access to financial services, not only do they save, but, they also have high repayment rates when they borrow.

3. Methodology

The study was conducted in Coimbatore district of Tamil Nadu. Five taluks viz. Valparai, Sulur, Pollachi, Coimbatore and Mettupalayam were selected purposively. A complete list of self-help group with more than 15 members was obtained. In each taluk 50 respondents were contacted on the basis of snow-ball sampling. The survey was conducted in the month of September, 2017. The information required for the study was collected using an interview schedule

along with the discussions. The information collected includes socio-economic profile of the respondents and opinion of the respondents towards economic empowerment through nine variables identified by the researchers for the study using Likert 5 Point Scale.

While collecting data for the study, the author based on her observations, inferred the following related aspects - participation in SHGs increases the total income, it enhances the level of financial contribution to the respondent's family, it enables to make investment in gold, silver and other assets, it ensures self-reliance, it enables to meet children's educational expenses, it enables to provide medical facility to family, it improves the standard of living of members, it helps to get government schemes and it enables to participate in family financial decision making. The collected data was analysed with the help of percentages to understand the nature of socio-economic profile of the respondents and chi-square was used to assess the impact of socio-economic profile on economic benefits.

4. Results and Discussions

4.1 Demographic Profile of the Respondents

Socio-economic profile of the respondents shows that out of 250 respondents, majority (160, 64%) of the respondents were middle aged. As regards marital status, majority of the respondents were married (225, 90%). In case of social category of respondents, majority (130, 52%) of the respondents were Schedule Caste and Schedule Tribe. Regarding literacy level of the respondents, majority (155, 62%) of the respondents were having school level education. Regarding occupation of the respondents, majority of (73, 29.2%) them engaged in production related activities. In case of income level of the respondents, majority of the respondents (182, 72.8%) were having low level of income.

Table 1 Demographic Profile of the Respondents		
Variables	**Number of respondents**	**Percentage of respondents**
Age		
Young	41	16.4
Middle	160	64
Old	49	19.6
Total	250	100
Marital Status		
Married	225	90
Unmarried	25	10
Total	250	100
Social Category		
Forward	22	8.8
Backward	98	39.2
Schedule caste & Schedule tribe	130	52
Total	250	100
Literacy level		
Illiterates	49	19.6
School level	155	62
College level	34	13.6
Others	12	4.8
Total	250	100
Occupation		
Agriculture	26	10.4
Labour	61	24.4
Production related activities	73	29.2
Service related activities	21	8.8
Sales related activities	29	11.2
Others	40	16
Total	250	100
Income Level		
Low	182	72.8
Medium	60	24
High	8	3.2
Total	250	100

4.2 Perception towards the Level of Economic Empowerment

The perception of the respondents towards economic security that they received through membership in the self-help groups was calculated on the basis of the score obtained by each of them for their perception towards economic security for each socio-economic variable. If the economic benefits received by them were less, when the score is upto 92, it is medium when the score is between 93 and 122 and it is more when it is more than 122. The scores for the perception were calculated for each for each variable it is revealed that all the respondents from each category of age viz. Young(55.8%), Middle(60.65%) are having high moderate and the old are having high moderate score(63%) in accumulation of economic security. Similarly, there is a convergence of high score of each variable in case of medium score secured by them.

Table 2
Age Group and Perception towards the Level of Economic Empowerment through SHGs

Age Group	No. of Members	Mean Score	Less	Moderate	More
Young	41	64.79	12(28.80%)	23(55.80%)	6(15.40%)
Middle	160	63.33	45(28.30%)	97(60.65%)	18(11.05%)
Old	49	62.38	13(27%)	31(63.00%)	5(10.00%)
Total	250	63.96	70	151	29

4.3 Marital Status and Perception towards Economic Empowerment through SHGs

All the respondents from each category of marital status viz. Married(133.24%) and Unmarried(69.62%) are having high moderate score in accumulation of economic security. Similarly, there is a convergence of high score of each variable in case of medium score secured by them (Table 3).

Table 3
Marital Status and Perception towards Economic Empowerment through SHGs

Marital Status	No. of Members	Mean Score	Less	Moderate	More
Married	225	63.70	66(29.18%)	133(59.24%)	26(11.58%)
Unmarried	25	66.48	5(18.62%)	17(69.62%)	3(11.76%)
Total	250	63.96	71	150	29

4.4 Social Category and Perception towards Economic Empowerment through SHGs

All the respondents from each social category viz. General category(48.32%), Backward category(68.88%), Schedule Caste and Schedule Tribe(55.88%) and Others(65.96%) are having high moderate score in the accumulation of economic security. Similarly, there is a convergence of high score of each variable in case of medium score secured by them (Table 4).

Table 4
Social Category and Perception towards Economic Empowerment through SHGs

Social Category	No. Of Members	Mean Score	Less	Moderate	More
Forward	22	58.48	10(46.06%)	11(48.32%)	1(5.62%)
Backward	98	69.76	16(15.82%)	68(68.88%)	14(15.30%)
Schedule caste & Schedule tribe	130	60.58	45(34.30%)	73(55.88%)	12(9.52%)
Total	250	63.967	71	152	27

4.5 Literacy Level and Perception towards Economic Empowerment through SHGs

All the respondents from each category of literacy level viz. illiterates(62.94%), School level(60.32%), College level(54.41%) and Others(65.96%)are having high moderate score in the accumulation of economic security. Similarly, there is a convergence of high score of each variable in case of medium score secured by them (Table 5).

Table 5
Literacy Level and Perception towards Economic Empowerment through SHGs

Literacy level	**No. of Members**	**Mean Score**	**Less**	**Moderate**	**More**
Illiterates	49	62.90	14(28.43%)	31(62.94%)	4(8.63%)
School level	155	64.55	41(26.77%)	93(60.32%)	21(12.91%)
College level	34	62.93	12(34.56%)	18(54.41%)	4(11.03%)
Others	12	63.82	3(25.53%)	8(65.96%)	1(8.51%)
Total	250	63.96	70	150	30

4.6 Occupation and Perception towards Economic Empowerment through SHGs

All the respondents from each category of literacy level viz. illiterates(62.94%), School level(60.32%), College level(54.41%) and Others(65.96%)are having high moderate score in the accumulation of economic security. Similarly, there is a convergence of high score of each variable in case of medium score secured by them (Table 6).

Table 6
Occupation and Perception towards Economic Empowerment through SHGs

Occupation	No. of Members	Mean Score	Less	Moderate	More
Agriculture	26	31.43	2(6.79%)	23(90.29%)	1(2.91%)
Labour	61	62.34	15(24.79%)	41(67.36%)	5(7.85%)
Production related activities	73	70.32	14(18.97%)	48(66.20%)	11(14.83%)
Service related activities	21	67.17	5(21.35%)	13(64.04%)	3(14.61%)
Sales related activities	29	72.95	3(11.86%)	22(74.58%)	4(13.56%)
Others	40	67.52	10(25.32%)	24(60.76%)	6(13.92%)
Total	250	63.96	49	171	30

4.7 Income Level and Perception towards Economic Empowerment through SHGs

In case of income level of the all the low-income group, medium-income group and high-income groups are having moderate score for the economic security. But the percentage of respondents with more score are less in case of high score in all three cases of income category (Table 7).

Table 7
Income Level and Perception towards Economic Empowerment through SHGs

Monthly Income Level	**No. of Members**	**Mean Score**	**Less**	**Moderate**	**More**
Low	182	63.18	53(28.94%)	109(60.22%)	20(10.84%)
Medium	60	64.86	16(27.31%)	37(61.34%)	7(11.35%)
High	8	74.96	1(15.15%)	4(54.55%)	3(30%)
Total	250	63.96	70	150	30

Application of Chi-square test

The relationship between the selected demographic variables and the empowerment variables is assessed using chi-square test on the hypotheses 'there is significant relationship between demographic variables and economic empowerment of women'.

It is understood from the result that there is no significant relationship between age and economic security variables and hence, age has no significant influence on the economic security of women

It is inferred from the result that there is no significant relationship between marital status and economic security variables and hence, marital status has no significant influence on the economic security of women

It is known from the result that there is no significant relationship between social category and economic security variables and hence, there is significant relationship between social category and economic security variables.

It is evident from the result that there is no significant relationship between literacy level and economic security variables and hence, there is no significant relationship between literacy level and economic security variables.

It is understood from the result that there is no significant relationship between occupation and economic security variables and hence, there is no significant relationship between occupation and economic security variables.

It is revealed by the study that there is no significant relationship between income and economic security variables and hence, there is no significant relationship between income and economic security variables.

It can be concluded that age and marital status have no significant influence over accumulation of economic security. But the other variables viz. literacy level, social category, occupation and income have played significant role in influencing economic accumulation of security on account of membership in SHGs. Hence, importance may be given to these factors and the members should be educated to understand the importance of these factors to enhance their economic empowerment (Table 8).

Table 8
Chi-square result at 5% Significant level

Variables	Calculated Value	Table Value	Significance
Age	3.34	9.49	Not Significant
Marital status	5.262	5.99	Not Significant
Social category	55.748	9.49	Significant
Literacy level	12.616	11.1	Significant
Occupation	235.105	11.1	Significant
Income Level	12.762	9.41	Significant
Source: Calculated from field data			

References

1. Ajarapu Alamelu Anna Purana. (2012). Women Empowerment through Micro Finance: A Case Study of East Godavary District, Andhra Pradesh. *International Journal for Research in Science and Advanced Technologies,*1(2), 84-89.
2. Nair, A. Sustainability of Micro-finance in India: Would Federating Help? Policy Research Working Paper Series 3516, Centre for Development Studies, Thiruvananthapuram, Kerala, 2001.
3 Anand, S., & Newport, K. (2005). Role of Microfinance in Disaster Mitigation. *Disaster Prevention and Management: An International Journal,*14 (2), 176-182.
4. Empowerment in Chittagong (2013). *IOSR Journal of Economic & Finance* (IOSR-JEF) 2 (1), 28-34.
5. Kabeer, Naila. (2005). Is Microfinance a Magic Bullet for Women's Empowerment? Analysis of Findings from South Asia. *Economic and Political Weekly,* 40(44): 4709-4718.
6. Kumar, S. S. (2011). Women Empowerment and poverty reductions through self-help groups in the Nilgiri District. *Golden Research Thoughts,* I (1): 1-4.
7. Moon, U. (2011). Role of Self-help Group-Bank-Linkage Model in Women Empowerment. *The Journal of Sri Krishna Research & Educational Constitution,* 2 (6),47-65.
8. Ondoro and Omena (2012).Effect of Micro Financial services on the Financial Empowerment of Youth in Migori county, Kenya. *Business and Management Review,* 2 2(3), 22 – 35.
9. Ranjula Bali Swain and fan Yang Wallentin (2009). Does Micro Finance Empower Women Evidence from Self-helf groups in India. *International Review of Applied Economics,* 23 (5), 541-556.
10. Sarumathi, S. and Dr.K.Mohan (2011).Role of Micro Finance in Women's Empowerment (An Empirical study in Pondicherry region rural SHG's). *Journal of Management and Science,* 1 (1), 1-1077.
11. Suja, S. (2012). Women Empowerment in Self-help Group – An Evaluative Study. *Sona Global Management Review,* 6 (3), 68-82.
12. Singh, Premlata, etal. (2005). Socio-economic Empowerment of Farm Women. In:Development of Initiatives for Farming Community(ed), 238-246.
13. Sardagi, S.S. (2012). Women Empowerment through Self-help Groups. *Indian Streams Research Journal,* II(2), 1-4.

Financial Inclusion and Lower Income Minorities: A Study of Banaskantha District of Gujarat

Dr. Bhavik Panchasara

Abstract

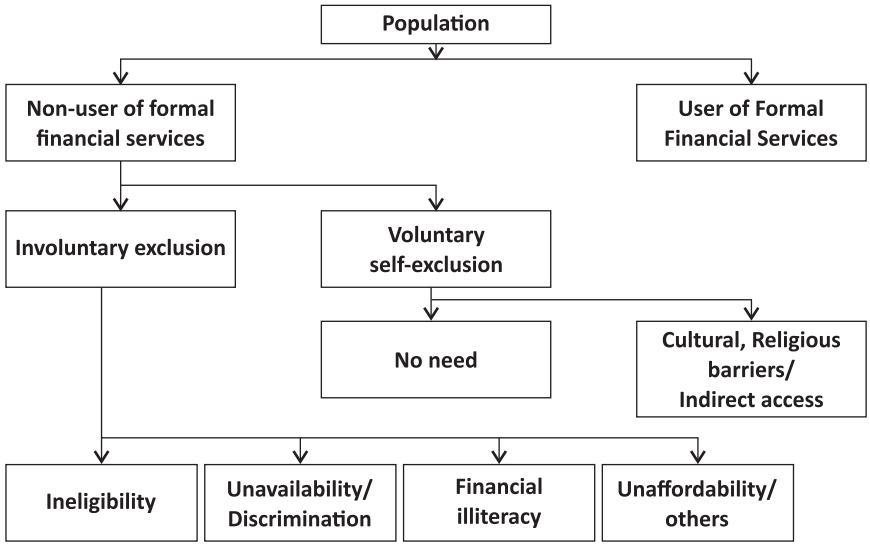
Financial inclusion is the key development policy for the growing economies around the world. India has also adopted the policy for balanced growth of economy. Reserve Bank of India (RBI) along with other financial organizations, has started the efforts to include the people in the formal financial system through many policies, which are also promoted by the present government. Many researchers have studied the topic of financial inclusion in different ways and presented significant outcomes. However, there are very few research available which combine financial inclusion with socio-economic status of people. Keeping this point of view, it will be very interesting to analyse socio-economically the status of financial inclusion. This paper presents an empirical study of financial inclusion among lower income minorities in Banaskantha district of Gujarat. Banaskantha district is one of the educationally backward districts of Gujarat state. The study concludes that there is significant financial exclusion prevailing among the lower income minorities, caused by various factors. One of the prime factors is the lack of accessibility of financial inclusion schemes and negligence of rural and remote areas by financial institutions.

1. Introduction

A strong and sturdy financial system plays pivotal role in economic growth, development and progress of the economy of any nation. A mature financial system supports higher levels of investment and promotes growth in the economy with its depth and coverage (Kumar 2013). Financial inclusion enables improved and better sustainable economic and social development of the country. It helps in empowerment of the underprivileged, poor and women of the society with

the mission of making them self-sufficient and well-informed to take better financial decisions (Charan Singh 2014). However, one of the biggest obstacles for strong and sturdy financial system is 'financial exclusion'. Figure 1 explains the categories of financially excluded people (World Bank 2008).

Figure 1
Categories of Financially Excluded People



***Source**: Finance for All? Policies and Pitfalls in Expanding Access; the World Bank Report 2008*

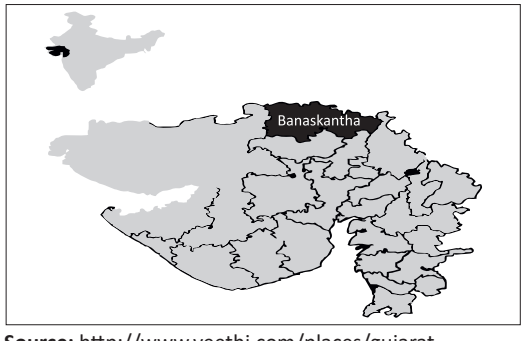
The extent of financial exclusion remains staggering. Out of 6,00,000 villages in the country, only about 30,000 have a commercial bank branch. Till recently more than 50% of India's population did not have, any bank account and more than half of the total farmer households didn't seek credit from either institutional or non-institutional sources of any kind (Khetarpaul 2015). Though, Reserve Bank of India (RBI) along with other financial organizations have started the efforts to include the people towards formal financial system through many policies, which are also promoted by the present government like Jan DhanYojana etc. The RBI has also focused to enlarge the formal financial system network to rural and remote areas on priority basis. Many researchers explore the topic of financial inclusion in India and have studied the topic of financial inclusion in different ways to present significant outcomes. However, there are very few research available which combine financial inclusion with socio-economic status

of people. This paper presents an empirical study of financial inclusion among lower income minorities in Banaskantha district of Gujarat.

2. About Banaskantha District

Banaskantha district is the region situated on the banks of the river Banas. The region is spread on 22-33 to 24-25 north latitude and 71-03 to 73-02 east longitudes. In this way, it is located in the north-western part of Gujarat. Marwad and Sirohi of Rajasthan state are situated on the north of the district, Sabarkantha district on the east, Mehsana district on the south and Patan is situated on the west of the district. Next to the desert is the border of Pakistan (Banaskantha District Panchayat 2016). Figure 2 explains the district map of Banaskantha.

Figure 2
Banaskantha District of Gujarat state



Source: http://www.veethi.com/places/gujarat-banaskantha-district-280.htm

Administratively, the district divides into 13 talukas. Palanpur is the district headquarter followed by other major towns Deesa, Tharad, Dhanera, Ambaji, Danta and Deodar. The district has population of 31,20,506 as per the Census 2011 (Census 2011 n.d.) which accounts for 5.2% of the total population of the state. Decadal Growth Rate of the district was 24.61% during 2001-11, which is higher than the state average of 19.17%. The district comprises rural area 86.7% of the total district population. Whereas the urban population has registered a steep growth of 50.05% over the census decade. Population density of the district is 290 persons per square km, whereas state average is 308 persons per square km (National Skill Development Corporation 2012). The district comes under the educationally backward districts of Gujarat due to poor rate of literacy.

Table 1 Key Census Data of Banaskantha District		
Description	2011	2001
Population growth	24.61%	26.38%
Proportion to Gujarat Population	5.16%	4.94%
Sex Ratio (per 1000)	938	930
Child Sex Ratio (0-6 Age)	898	907
Average Literacy	65.32%	50.97%
Male Literacy	78.15%	66.47%
Female Literacy	51.75%	34.40%
***Source**: census2011.co.in/census/district/183-banaskantha.html*		

Table 1 presents the key census data for the district. As per the data, population growth rate of the district is reduced by 24.61% in 2011 in comparison to 26.38% in 2001. Whereas the proportion of district population to the state population has increased by 5.16% in 2011 in comparison to 4.94% in 2001. Sex ratio is improved to 938 whereas child sex ratio is declined to 898 which were 930 and 907 respectively in 2001. The average rate of literacy improved to 65.32%, which was only 50.97% in 2001.

Table 2 Key Census Data of Urban and Rural Areas of Banaskantha District		
Details	Urban	Rural
Population in %	13.3%	86.7%
Sex Ratio	915	941
Child sex ratio (0-6 age)	857	903
Average Literacy Rate	80.38%	62.91%
Male Literacy Rate	89.15%	76.37%
Female Literacy Rate	70.89%	48.73%
***Source**: census2011.co.in/census/district/183-banaskantha.html*		

Table 2 presents the key census data for urban and rural areasof the district. Majority of the population 86.7% lives in rural area where sex ratio is also high - 941 and child sex ratio 903, whereas it is - 915 and 857 respectively in urban areas. Average literacy rate as well as male and female literacy rates in urban area is higher 80.38%, 89.15% and 70.89% respectively in comparison to 62.91%, 76.37% and 48.73% respectively in rural areas.

Table 3 Religion Segregated Data of Population in Banaskantha District		
Religion	**Total**	
Hindu	2,890,305	92.62%
Muslim	213,505	6.84%
Christian	1,686	0.05%
Sikh	486	0.02%
Buddhist	281	0.01%
Jain	12,659	0.41%
Other Religion	83	0%
No Religion Specified	1,501	0.05%
Source: census2011.co.in/census/district/183-banaskantha.html		

Table 3 presents the religion wise population of Banaskantha district. The district comprises highest population (92.62%) of Hindus, followed by Muslims(6.84%), Christians(0.05%), Sikhs(0.02%), Buddhists(0.01%) and Jains (0.41%). People belonging to other religion are very negligible. Thus in minorities, the percentage of Muslim population is highest, followed by Jains and Christians.

3. Review of Literature

Ever since former Governor of RBI, Dr. Y. V. Reddy mentioned the words "financial inclusion" in his 2005 speech, the word became common in the government and the RBI. The 11th Five Year Plan (2007-12) documented that significant segments of the Indian population had been excluded from the growth over the previous decade, and called financial inclusion a top priority (Khetarpaul 2015). There are various definitions of financial inclusion, the major ones are considered here. As per the International Monetary Fund (IMF), financial inclusion has emerged as an important topic on the global agenda for sustainable long-term economic growth. While the importance of financial inclusion is well established, a formal consensus on how it should be measured, has yet to be reached (IMF 2014). According to the Planning Commission[1], financial inclusion refers to universal access to a wide range of financial services at a reasonable cost. These include not only banking

[1] Renamed as NitiAyog

products but also other financial services such as insurance and equity products. Government of India (Rangrajan 2008) defines financial inclusion as 'the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost'. According to Chakraborty 'financial inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of the society including vulnerable groups such as weaker sections and low income groups at an affordable cost, in a fair and transparent manner by mainstream institutional players.' Whereas the RBI explains the concept of financial inclusion as the issue of expanding, the geographical and demographic reach poses challenges from the viability perspectives (D. K. Chakrabarty 2012). Thus, it is clear from the above definitions that financial inclusion is the availability of basic financial services at an affordable cost to financially excluded people. Financially excluded people means who do not have access to formal financial services. Figure 1 explains the financial exclusion in details.

Bhattacharya B. N. has explained that appropriate policies and strategies for enhancing a financial inclusion in urban areas through building low cost personalized distribution network, creating asset linked and collateral free credit schemes, leveraging Aadhar (biometric identity card) platform, creating targeted product and service offering, strengthening business correspondent cells and setting up urban financial inclusion centers. Whereas Mckinsey Report pointed out that there was a large need for financial services and exciting opportunities emerging in urban India for the banking sector. It further says that two thirds of the country's consumption growth over next 20 years will come from urban centers. It has estimated that 45 million urban households will be in less than Rs. 2 lakh annual income category out of which 60% will be from tire I, II and III cities and remaining will be from 5,000 small towns. Financial inclusion of these households will be relevant and banks will have significant lending opportunity of about $51,031 million. It would require housing loans, personal consumption loans and loans for micro enterprises along with services like insurance, deposits and remittances. The report has further pointed out that if the banks keep the cost of acquiring customers low, there is a lot of potential and it is required that the banks should be innovative in their approaches(McKinsey and Co. 2011).

Many authors who worked in the area of financial inclusion have explained their outcome in different ways. Singh A. and Verma P. stated in their research paper, an overwhelming majority of rural India and a significant portion of urban India do not avail financial services. While availing any service is a matter of choice in a market

economy, it is mandatory for society to allow access to all services for the entire population. In achieving inclusive growth in India, the financial inclusion will play a pivotal role and help the nation to drive away, not only rural poverty but also urban poverty in India. Lack of awareness and illiteracy about financial product and services is the main obstruction for financial inclusion(Verma 2014). Ranjani K. S. and Bapat V. concluded that access to bank accounts has increased owing to several positive initiatives by the RBI and banks, the bank account penetration rate in India continues to be around 48%, as against a rate of close to 100% in several developed nations like Germany. They also found this in a study with 550 respondents in Maharashtra, to ascertain whether they had bank accounts and what perceptions do they carry about banks. All these 550 respondents in Maharashtra belonged to poor and marginalized sections of society and were borrowers of microfinance institutions. The outcome of the study showed that merely having an account with a bank didn't result in the borrowers using banking services and they preferred to deal with institutions that offered more flexible services than the bank. For effective financial inclusion, it is not enough to open bank accounts, but banks must look at flexibility and timeliness in services to be able to give a complete package to this segment of the population(Bapat 2015).

Kumar M. and Mishra K. concluded that financial inclusion has been instrumental in shaping up major policy decisions directed towards achievement of an all-inclusive society. It holds major cards for spending up the engines of development of the nation. Financial inclusion is a process, which tries to secure the availability of financial products and services for the weaker sections at a reasonable price, in an unbiased manner, by organized financial institutions. Also due emphasis must be placed on the growing need and importance of information and communication technologies to speed up the pace of financial inclusion. Much deliberation is still needed on finding better ways to channelize the direct benefits to the genuine people, since it is still facing challenges from many bureaucratic procedures. The data reveals that India has gathered speed on its road to achieve financial inclusion in last three years, which is very good if studied in isolation. However, when compared to other developing and developed nations, India still needs to streamline its process and remove loads of administrative bottlenecks (Mishra 2014).

According to Iyer I., with no financial capacity to save and invest, a dismal record of use of bank accounts and the severe lack of trust in the current model of using business correspondents, it is extremely difficult to envisage how opening of bank accounts will slowly help inculcate the habit of saving among the poor.

The government needs to rethink the measures to make financial services more inclusive and ask whether just opening bank accounts is the means to achieve it(Iyer 2014). In a study conducted by Jhajj S. in the selected rural areas of Punjab concluded that it is very important to conduct awareness camps in the interior areas of the rural population so that they are well informed about the various banking services and policies made for them by the government. Microfinance and Information and Communication Technology (ICT), in their own right, can be argued to have a lasting impact on the social and economic order. However, to have an even more profound impact, these different approaches to orchestrating change- social and economic – will have to integrate and collaborate, in a way that ensures actualizing of a more holistic development framework that take into account the respective strengths of both microfinance and ICT.

India is one of the largest democracy in the world. India comprises the second largest population of world. Indian democracy is also unique due to unity in diversity. The country is not only divided in various regions, but also have versatility in religions, casts, languages, culture, fashion, food and even in thinking. Dalits and religious minorities have faced social stigmatization since decades on the basis of caste as well as class. Such exclusion has undoubtedly led to political and economic discrimination, let alone their exclusion from the development processes of the country. Inaccessibility to bank accounts and formal credit markets still leaves them secluded, underprivileged and exploited(Sa-Dhan 2010).

4. Objectives of the Study

The major objective of this study is to analyse the status of financial inclusion among lower income religious minority communities in Banaskantha district. For the purpose of simplification, the objectives are classified as under:

(1) To identify the lower income religious minority communities in Banaskantha district of Gujarat.

(2) To study the status and extent of financial inclusion among identified lower income religious minorities.

(3) To identify the causes of financial exclusion among lower income religious minorities and to measure the extent of it with different parameters.

5. Methodology

The major source of data for this study is primary. It is collected through a structured questionnaire from the people of lower income minorities across 13 taluka centers of Banaskantha district of Gujarat. In case of respondents who were uneducated or for whom it was not convenient to fill questionnaire, the questions were explained to them and filled by the data collector. The sample size is 1,091 respondents, which consists of 814 male and 277 female respondents. Actual number of respondents were 1,882, out of which only lower income respondents are considered for this study.

In this study, the researcher has considered those respondents who classified themselves as either Muslim, Christian, Sikh, Buddhists or Jain. Those who belong to Others or No Religion Specified are not considered. Further, the respondents of the Sikh and the Buddhist community were not found in enough numbers to calculate, so respondents of other three minority communities have been considered. The criteria used to identify the Lower Income Group (LIG) is households with annual household income between Rs. 1 to 2.5 lakhs as fixed by the Govt. of Gujarat (GHB n.d.). Therefore, in this study, 'lower income minorities' includes the respondents with annual household income between Rs. 1 lakh to 2.5 lakh and belongs to community from the Muslims, the Christians or the Jain.

Collected data is divided and analyzed on different parameters. The major variables are two – financially excluded and financially included respondents. The respondents who do not have access of any kind of formal banking services are considered as financially excluded respondents. (Access to financial services from post office, regional credit co-operative societies or sakhi-mandal etc. are not considered in the study). Whereas, the financially included respondents are further divided in three groups – high, medium and low, from the extent of use of financial services by them. To decide this extent, respondents have prepared a set of seven criteria based on a guide to create financial literacy scores and financial inclusion indicators using data from the OECD/INFE 2015 financial literacy survey(INFE 2016). The maximum score of which is seven. The respondents who do not have access of any type of bank services including saving account are considered as the financially excluded (who scored zero). The respondents who obtained the score of 1 under first criterion are considered as low extent, who scored 2 to 4 under criteria 1 to 4 are considered as medium extent and who scored 5 to 7 under all given criteria are considered as high extent. Table 4 presents the selected criteria to decide the extent of financial inclusion of respondents. The duration of collection of data was from April 2016

to September 2016. Further, the collected data was arranged as per required formats to test the hypotheses. Set hypotheses are tested using chi-square test of independence.

Table 4
Criteria to Decide the Extent of Financial Inclusion

Sr. No.	Criteria	YES	NO
1	Holds simple saving bank account with/ without cheque book [including account under Jan Dhan Yojana]	1	0
2	Holds and uses cheque book/ debit card/ credit card facility of bank	1	0
3	Holds account in bank other than saving account – current account / fix / term deposit, recurring account etc.	1	0
4	Holds PPF or pension/ retirement related saving [including Atal Pension Yojana]	1	0
5	Holds insurance – under govt. scheme or LIC or with any other company [including PMSBY and other govt. insurance schemes]	1	0
6	Holds loan/ any credit product from bank for any purpose	1	0
7	Uses mobile banking/ net banking facility	1	0

6. Hypothesis of the study

Total six hypotheses are set which are as under:

1) Religion of the respondent and extent of financial inclusion are not related significantly
2) Gender of the respondent and extent of financial inclusion are not related significantly
3) Education of the respondent and extent of financial inclusion are not related significantly
4) Age of the respondent and extent of financial inclusion are not related significantly
5) Occupation of the respondent and extent of financial inclusion are not related significantly
6) Distance of the bank and extent of financial inclusion are not related significantly

7. Findings of the Study

Number of total respondents of this study are 1,091. Table 5 provides the information of respondents religion wise and gender wise.

Table 5
Religion and Gender Segregated Data of Respondents

Religion	Total		Male		Female	
Muslim	622	57.01%	447	71.86%	175	28.14%
Christian	273	25.02%	205	75.09%	68	24.91%
Jain	196	17.97%	162	82.65%	34	17.35%
Total	1091	100.00%	814	74.61%	277	25.39%

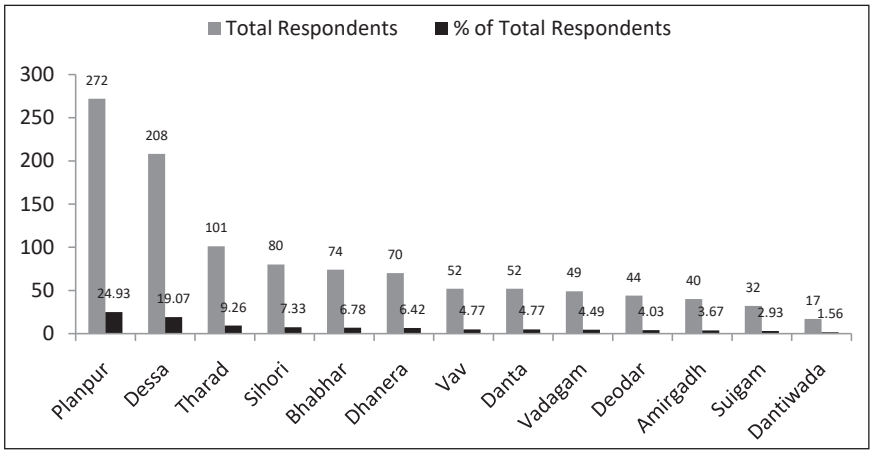
As per the above table, out of 1091 respondents, majority are male 814 (74.61%) whereas female respondents are only 277 (25.39%). Religiously, the majority of the respondents are Muslims 622 (57.01%), followed by Christians 273 (25.02%) and Jains 196 (17.97%). In the Muslim community, male respondents were 447 (71.86%) and the female respondents were 175 (28.14%). In the Christian community, male respondents were 205 (75.09%) and the female respondents were 68 (24.91%). In the Jain community, male respondents were 196 (17.97%) and the female respondents were 34 (17.35%).

Table 6
Distribution of Respondents based on Taluka, Religion and Gender

Taluka Centre	Muslim		Christian		Jain		Total		
	Male	Female	Male	Female	Male	Female	Male	Female	Total
Palanpur	84	51	54	18	52	13	190	82	272
Deesa	67	39	44	14	36	8	147	61	208
Tharad	45	9	20	6	17	4	82	19	101
Sihori	49	16	8	3	4	0	61	19	80
Bhabhar	39	13	9	3	8	2	56	18	74
Dhanera	34	8	11	7	10	0	55	15	70
Vav	33	6	9	0	4	0	46	6	52
Danta	19	4	15	0	10	4	44	8	52
Vadagam	14	5	17	5	5	3	36	13	49
Deodar	17	7	8	6	6	0	31	13	44
Amirgadh	12	7	10	6	5	0	27	13	40
Suigam	22	5	0	0	5	0	27	5	32
Danti-wada	12	5	0	0	0	0	12	5	17
Total	447	175	205	68	162	34	814	277	1091

Table 6 provides the details of the respondents based on taluka centers of the district whereas, Figure 3 provides the total number and percentage of respondents from each taluka center of the district. As per the details, maximum number of respondents belong to district headquarter Palanpur 272 (24.93%) followed by another major city of the district Deesa 208 (19.07%). Respondents from other centers consists of Tharad 101 (9.26%), Sihori 80 (7.33%), Bhabhar 74 (6.78%), Dhanera 70 (6.42%), Vav and Danta equally 52 (4.77%), Vadgam 49 (4.49%), Deodar 44 (4.03%), Amirgadh 40 (3.67%), Suigam 32 (2.93%) and the least from Dantiwada 17 (1.56%).

Figure 3
Percentage of Respondents from Each Taluka Center



As per the answer received from 1091 respondents, majority of the respondents 353 (32.36%) are financially excluded, whereas among the financially included respondents, majority of the respondents 286 (26.21% of total) are in low extent, 269 (24.66% of total) are in high extent and 183 (16.77%) are in medium extent. Table 7 presents this analysis of respondents belonging to different extent of financial inclusion. Figure 4 presents the extent of financial inclusion and financial exclusion.

Table 7
Respondents and Extent of their Financial Inclusion

Extent of Financial Inclusion	Total	%
High	269	24.66%
Medium	183	16.77%
Low	286	26.21%
Excluded	353	32.36%
TOTAL	1091	100%

Figure 4
Extent of Financial Inclusion and Exclusion among Total Respondents

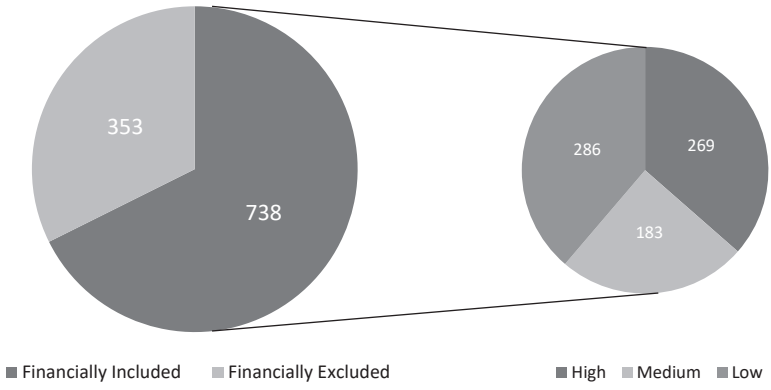


Table 8 explains the reasons from the respondents who do not have a bank account. Among the different reasons,majority of the respondents 203 (57.51%) provide the reason that the bank branch is far from their residence so it is not convenient for them to visit bank regularly. So, they avoid any financial transactions through bank. On the other hand, second reason of financial exclusion was, lengthy documentation and process of account opening which was cited by 133 (37.68%) respondents who are financially excluded. Remaining reasons refer to odd timings of the bank 10 (2.83%) respondents, behavior and non-cooperation of bank staff 3 (0.85%) respondents and the respondents who think that they do not require any banking services are 4 (1.13%).

Table 8
Reasons for Not having Bank Account (Financial Exclusion)

Sr. No.	Reasons for no account (Financially excluded)	No. of respondents	% of respondents
1	Longer distance of bank from residence	203	57.51%
2	Lengthy documentation and process	133	37.68%
3	Timings of the bank	10	2.83%
4	Behavior and non-cooperation of bank staff	3	0.85%
5	No need of banking services	4	1.13%
	Total	353	100.00%

8. Testing of hypotheses

8.1 Hypothesis One

The data related to the first hypothesis is presented in Table 9. The data relates the extent of financial inclusion of respondents based on religion of respondents. Religion wise, the maximum excluded respondents belong to Muslim community 42.12%, followed by the Christians 20.51% and the Jains 17.86%. On the other hand, financial inclusion in high level includes the Jain community at maximum 39.29%, followed by the Christians 30.77% and the Muslims 17.36%. The medium extent of financial inclusion also shows the Jains 20.92%, the Christians 19.05% and the Muslims 14.47%. The respondents who belonged to low level of financial inclusion shows the Christians 29.67%, the Jains 21.94% and the Muslims 26.05%.

Table 9
Extent of Financial Inclusion and Religion

Extent of Financial Inclusion	Muslim	Christian	Jain	Total
High	108	84	77	269
	17.36%	30.77%	39.29%	24.66%
Medium	90	52	41	183
	14.47%	19.05%	20.92%	16.77%
Low	162	81	43	286
	26.05%	29.67%	21.94%	26.21%
Excluded	262	56	35	353
	42.12%	20.51%	17.86%	32.36%
TOTAL	622	273	196	1091

A chi-square test of independence was performed to examine the relation between the extent of financial inclusion and the religion of respondents. The chi-square statistic is 84.9073. The p-value is < 0.00001. The result is significant at $p < .05$. So the extent of financial inclusion and the religion of the respondents, related significantly.

8.2 Hypothesis Two

The data related to the second hypothesis is presented in Table 10. The data relates the extent of financial inclusion of respondents based on the gender of the respondents. Gender wise, female respondents are maximum who are

Table 10 Extent of Financial Inclusion and Gender			
Extent of Financial Inclusion	**Male**	**Female**	**Total**
High	227	42	269
	27.89%	15.16%	24.66%
Medium	133	50	183
	16.34%	18.05%	16.77%
Low	239	47	286
	29.36%	16.97%	26.21%
Excluded	215	138	353
	26.41%	49.82%	32.36%
TOTAL	814	277	1091

excluded 138 (49.82%) compared to male respondents 215 (26.41%). From financial inclusion points of view, maximum number of male respondents are highly included 227 (27.89%) followed by female 42 (15.16%). Medium extent of financial inclusion comprises maximum female 50 (18.05%) than male respondents 133 (16.34%) and the lower level of financial inclusion shows the majority of male respondents with 239 (29.36%) whereas female respondents 47 (16.97%).

A chi-square test of independence was performed to examine the relation between the extent of financial inclusion and the gender of respondents. The chi-square statistic is 61.0378. The p-value is <0.00001. The result is significant at p< .05. So the extent of financial inclusion and gender of the respondents, related significantly.

8.3 Hypothesis Three

The data related to the third hypothesis is presented in Table 11. The data relates the extent of financial inclusion of the respondents based on the education of respondents. Education wise, the respondents who are educated up to school level only are maximum among financially excluded 265 (44.24%) followed by illiterate respondents 78 (35.29%) and respondents with technical/certification or diploma 7 (8.33%). The respondents who are educated up to graduation and post-graduation level are also there among financially excluded people but in very low extent 2 (1.77%) and 1 (1.35%) respectively.

Table 11 Extent of Financial Inclusion and Education						
Extent of Financial Inclusion	Illiterate	School	Graduate	PG	Technical/ Certi./ Diploma	Total
High	10	122	54	49	34	269
	4.52%	20.37%	47.79%	66.22%	40.48%	24.66%
Medium	41	69	34	15	24	183
	18.55%	11.52%	30.09%	20.27%	28.57%	16.77%
Low	92	143	23	9	19	286
	41.63%	23.87%	20.35%	12.16%	22.62%	26.21%
Excluded	78	265	2	1	7	353
	35.29%	44.24%	1.77%	1.35%	8.33%	32.36%
TOTAL	221	599	113	74	84	1091

A chi-square test of independence was performed to examine the relation between the extent of financial inclusion and the education of respondents. The chi-square statistic is 280.5402. The p-value is < 0.00001. The result is significant at $p < .05$. So the extent of financial inclusion and the education of the respondents related significantly.

8.4 Hypothesis Four

The data related to fourth hypothesis is presented in Table 12. The data relates the extent of financial inclusion of the respondents based on the age of respondents. Age wise, the respondents who are elder, above the age of 60 are maximum excluded 39 (81.25%) followed by the age group of 51 to 60 (70.00%), 31 to 40 (32.30%) and 18 to 30 are least 28 (9.28%). Regarding the extent of financial inclusion, the respondents with highly included belongs to age group of 18 to 30 127 (42.17%), followed by respondents with age group of 31 to 40 119 (28.27%), and with age group of above 60 and 51 to 60 very limited to 2 (4.17%) and 1 (1.11%) respectively. Respondents financially included in medium extent comprises the age group of 18 to 30, 109 (36.09%), followed by 31 to 40 (13.06%), and above 60 and 51 to 60; 3 each (6.25% and 3.33%) respectively. The respondents included in low extent belongs to age group of 31 to 40 – 111 (26.37%), 51 to 60 – 23 (25.56%), 18 to 30 – 38 (12.58%) and above 60 are only 4 (8.33%).

Table 12 Extent of Financial Inclusion and Age					
Extent of Financial Inclusion	18 to 30	31 to 40	51 to 60	Above 60	Total
High	127	119	1	2	269
	42.05%	28.27%	1.11%	4.17%	24.66%
Medium	109	55	3	3	183
	36.09%	13.06%	3.33%	6.25%	16.77%
Low	38	111	23	4	286
	12.58%	26.37%	25.56%	8.33%	26.21%
Excluded	28	136	63	39	353
	9.28%	32.30%	70.00%	81.25%	32.36%
TOTAL	302	421	90	48	1091

A chi-square test of independence was performed to examine the relation between extent of financial inclusion and the age of respondents. The chi-square statistic is 386.9467. The p-value is < 0.00001. The result is significant at $p < .05$. So the extent of financial inclusion and the age of the respondents related significantly.

8.5 Hypothesis Five

The data related to fifth hypothesis is presented in Table 13. The data relates the extent of financial Inclusion of the respondents based on the occupation of the respondents. Based on occupation, maximum financially excluded respondents belong to workers 72 (75.79%) followed by respondents occupied in 'Other' category (skilled professional etc.) 15 (53.57%), small vendors/small business owners 25 (11.31%) and 3 in salaried (1.09%). From the financial inclusion point of view, the respondents highly included belong to salaried 143 (52%), followed by vendors/small business owners 98 (44.34%), others 2 (7.14%) and workers 3 (3.16%). The respondents who belong to the medium level of financial inclusion comprises salaried 113 (41.09%), followed by the vendors/small business owners 25 (11.31%), others 3 (10.71%) and the workers 2 (2.11%). Low extent of financial inclusion comprises of vendors/ small business owners 73 (33.03%), followed by others 8 (28.57%), workers 18 (18.95%) and the salaried 16 (5.82%).

Table 13 Extent of Financial Inclusion and Occupation					
Extent of Financial Inclusion	Salaried	Vendors/small business holder	Workers	Others	Total
High	143	98	3	2	269
	52.00%	44.34%	3.16%	7.14%	24.66%
Medium	113	25	2	3	183
	41.09%	11.31%	2.11%	10.71%	16.77%
Low	16	73	18	8	286
	5.82%	33.03%	18.95%	28.57%	26.21%
Excluded	3	25	72	15	353
	1.09%	11.31%	75.79%	53.57%	32.36%
TOTAL	275	221	95	28	1091

A chi-square test of independence was performed to examine the relation between the extent of financial inclusion and the occupation of respondents. The chi-square statistic is 635.2267. The p-value is < 0.00001. The result is significant at $p < .05$. So the extent of financial inclusion and the occupation of the respondents related significantly.

8.6 Hypothesis Six

The data related to sixth hypothesis is presented in Table 14. The data relates the extent of financial Inclusion of the respondents based on the distance of bank from the residence of respondents. Based on the distance of bank, majority of the respondents who are excluded 63 (87.50%), have distance above 12 km of bank from their residence, followed by 25 (55.56%) respondents have distance of 9 to 12 km, 28 (11.67%) respondents have distance from 3 to 6 km and the least are 9 (3.08%) respondents have distance within 3 km. Whereas from financial inclusion point of view the respondents who highly included financially 110 (45.83%) have distance of 3 to 6 km, followed by 122 (41.78%) respondents have distance up to 3 km, 6 (13.33%) respondents have distance of 9 to 12 km and 2 (2.78%) respondents have distance of banks above 12 km from their residence. The respondents who are financially included at medium extent comprises of 115 (39.38%) respondents, followed by 35 (14.58%) respondents with distance of 3 to 6 km, 4 (8.89%) respondents with distance of 9 to 12 km and only 1 (1.39%) respondent have distance above 12 km from their residence. The respondents

who are financially included at low extent comprises 67 (27.92%) with 3 to 6 km, followed by 10 (22.22%) respondents with the distance of 6 to 9 km, 46 (15.75%) respondents with up to 3 km and 6 (8.33%) respondents with distance above 12 km.

Table 14
Extent of Financial Inclusion and Distance of Bank from Residence

Extent of Financial Inclusion	Up to 3 km	3 to 6 km	9 to 12 km	Above 12 km	Total
High	122	110	6	2	269
	41.78%	45.83%	13.33%	2.78%	24.66%
Medium	115	35	4	1	183
	39.38%	14.58%	8.89%	1.39%	16.77%
Low	46	67	10	6	286
	15.75%	27.92%	22.22%	8.33%	26.21%
Excluded	9	28	25	63	353
	3.08%	11.67%	55.56%	87.50%	32.36%
TOTAL	292	240	45	72	1091

A chi-square test of independence was performed to examine the relation between extent of financial inclusion and the distance of the bank from the residents of the occupation of respondents. The chi-square statistic is 554.4761. The p-value is < 0.00001. The result is significant at p< .05. So the extent of financial inclusion and the distance of bank from the residence of the respondents, related significantly.

9. Key challenges and the Way Ahead

Analysis of hypotheses clearly shows the significant relation between the extent of financial inclusion and religion (hypothesis 1), extent of financial inclusion and gender (hypothesis 2), extent of financial inclusion and education (hypothesis 3), extent of financial inclusion and age (hypothesis 4), extent of financial inclusion and occupation (hypothesis 5) and the extent of financial inclusion and the distance of bank from the residence of the respondents (hypothesis 6). So it is clear that to overcome the challenges of financial exclusion and to motivate the people to access financial services, the regulatory authorities should be more

focused on such issues. To achieve financial inclusion, it is necessary to apply initiative towards communal collaborative models (demand side remedies) and application of innovations and innovative practices (supply side remedies). Following are some of the possible steps from the demand side as well as the supply side that may be considered to remedy the issue:

Initiative towards communal collaborative models (demand side)

- Government, regulatory authorities and banks should encourage particular religious communities towards banking transactions. As per the data, majority of the excluded people and people with low extent belong to the Muslim community (68.17% of total respondents of this community), followed by the Christians (50.18% of total respondents of this community) and the Jains (39.80%of total respondents of this community). To overcome this issue, authorities should involve and encourage the religious NGOs or religious organizations to spread the awareness about the same.
- Apart from that, same like other educational institutions, students of minority educational institutions should also directed to open bank account to avail various benefits.
- Special encouragement should also be provided by ensuring availability of banking services in the areas with considerable population of lower income minorities. Banks should also focuson such lower income minorities though bank correspondents (BCs). Banks should also focus to appoint bank correspondents from minority community in the areas where there is a majority of such community.
- Encouragement to microfinance institutions is also another way to uplift the lower income communities towards financial inclusion. Banks should encourage and train the group of women, workers etc. of such communities to avail formal financial services at primary level.
- Banks may also focus on community awareness campaign for financial inclusion. Understanding the requirement of banking services will encourage the people to opt for financial services. For the same, awareness should also bring for insurance and credit products along with saving and investments.

Innovations and innovative practices (supply side)

- One of the major reasons for the financial exclusion and the low extent of financial inclusion is non-availability of banking services in the nearby area. It seems that banking sector has vast opportunities towards development of

infrastructural facilities in rural area. Banks should focus towards the branch penetration, credit penetration and deposit penetration equally in rural and financially excluded areas.

- Though only infrastructural facilities are not enough, banks should also focus towards the quality of their services. For the same, banking sector should focus on innovations and innovative practices to overcome the issue of financial exclusion. Second major reason of financial exclusion and low extent of inclusion provided by respondents 133 (37.68%) was lengthy documentation and process of account opening. In this digital era, this issuepresents the backwardness of financial system of India. Lower income people are more cost centric, apart from that low level of education also becomes obstacle for that. Lengthy documentation and process of account opening definitely discourage them to get involved in formal financial system and hence they get attracted towards the informal sources of finance, which ultimately results in exploitation of people. So, this is the time when banks and regulatory authorities should focus towards the simplification of process and to ease the documentation of the people with low education and lower income. Recent announcement by govt. about Jan dhan yojana is the best example of it.
- Another major factor which affects the inclusion is trained and humble human resource of the banks. Staff of financial organizations must comprise people who are fully dedicated to finding potential clients, no matter how distant or isolated. Normally these type of practices are noted in the private sector banks, but no such efforts are observed with the staff of nationalized banks in rural and remote areas. Government and regulatory authorities should also focus on the participation of microfinance institutions, bank correspondents and NGOs working in rural areas for partnership towards the movement of financial inclusion.

10. Limitations of the Study

Following are a few limitations of the study which should be considered with the findings of the study:

- The study is based on the primary data which is collected through structured questionnaire. The limitations of primary data may apply to this study also.

- The duration of the collection of data for this study was from April 2016 to September 2016 which was the period before demonetization.
- Religious minorities include the Sikhs and the Buddhists also. But due to unavailability of required number of respondents, both communities are not considered.

The study has vast scope with increased sample size at the state level or national level. Apart from lower income group respondents, it may also be applicable to other groups based on income categories. The outcome can be more accurate by using other statistical tests.

11. Conclusion

Financial inclusion is an important phenomenon, which is required not only for fast economic growth but also for balanced growth. Financial inclusion is a mammoth task in India as a large portion of population is till excluded. The study reveals that the majority of lower income minorities in Banaskantha district are excluded from the formal financial system or minimally included in it (58.57% of total respondents). One of the major reasons for the same is lack of banking facilities in nearby areas. Another major reason explained by the respondents is the lengthy documentation and process of account opening. A lower income person who wants to open a bank account will have to spend his considerable time which will cost him his day's wage. Therefore, the person will avoid opening bank account, which results in financial exclusion. On the other hand, the issue of exclusion based on religion should also be focused.

Over the last few years, govt. of India has given significant importance to the financial inclusion. The need for the study of financial inclusion is to create a market driven banking sector with adequate focus on economic development. The real rate of financial inclusion in India is nominal and about 40% of the bank account holders use their accounts not even once a month. Financial inclusion has far reaching consequences, which can help many people come out of abject poverty conditions.There is a need for co-ordinated action between the banks, the government and other controlling authorities including RBI to facilitate access to bank accounts amongst the financially excluded(Kumari 2014). One of the considerable steps is to link the benefits of various schemes with bank account.

Due to this, the beneficiaries will have to open a bank account and direct benefit transfer in the bank account will reduce the prevailing level of corruption. In spite of many considerable steps by the government and RBI, there is a long journey towards the achievement of goal of financial inclusion in India.

Reference

1. Banaskantha District Panchayat. 2016. *Panchayat Department, Govt. of Gujarat.* March 22. Accessed March 23, 2017. https://banaskanthadp.gujarat.gov.in/Banaskantha/english/english/jilla-vishe/history.htm.
2. Bapat, K. S. Ranjani and Varadraj. 2015. "Deepening Financial Inclusion beyond Account Opening: Road Ahead for Banks." *Business Perspective and Research* 52-65.
3. Bhattacharyay, Biswa N. 2016. *Determinants of Financial Inclusion of Urban Poor in India: An Empirical Analysis.* Working Paper, CESifo.
4. Census 2011. n.d. *Census.* Accessed March 23, 2017. http://www.census2011.co.in/data/religion/state/24-gujarat.html.
5. Chakrabarty, Dr K C. 2012. "Financial Inclusion - Issues in Measurement and Analysis." *Keynote address by Dr. K C Chakrabarty, Dy Governor, RBI at the BIS-BNM Workshop.* Kuala Lumpur, November 5.
6. Chakrabarty, K C. 2011. *Keynote address on Financial Inclusion.* Mumbai, September.
7. Charan Singh, A Mittal, A Goenka, CRP Goud, K Ram, R V Suresh, R Chandrakar. 2014. *Financial Inclusion in India: Select Issues.* Working Paper, Bangalore: IIM Bangalore.
8. GHB. n.d. *Gujarat Housing Board.* Accessed March 23, 2017. http://gujarathousingboard.org/activities/activities.aspx.
9. IMF. 2014. *Assessing Countries' Financial Inclusion Stading - A New Composite Index.* Working Paper, IMF.
10. INFE. 2016. *Guide to creating financial literacy scores and financial inclusion indicators using data from the OECD/INFE 2015 financial literacy survey.* Paris: OECD.
11. Iyer, I. 2014. "Financial Inclusion: Need for Differentiation between Access and Use." *Economic and Political Weekly*.
12. Khetarpaul, K L. 2015. *The Extent of India's Financial Exclusion is Staggering.* August 29. Accessed March 13, 2017. http://www.hindustantimes.com/analysis/the-extent-of-india-s-financial-exclusion-is-staggering/story-U7WrbK70TWIWs4GNJCL3ZK.html.
13. Kumar, Nitin. 2013. "Financial Inclusion and its determinants: Evidence from state level empirical analysis in India ." *Journal of Financial Economic Policy* 4-19.
14. Kumari, R. 2014. "Financial Inclusiona and Indian Economy." *Ge-International Journal of Management Research*.
15. McKinsey and Co. 2011. *Retail Banking in Asia.* Business Report, McKinsey & Co.
16. Mishra, M Kumar and K. 2014. "Financial Inclusion: Specifics from India." *Indian Journal of Applied Research.*

17. National Skill Development Corporation. 2012. *District wise skill gap study for the State of Gujarat.* Skill Development Report, Ahmedabad: KPMG.

18. Planning Commission. 2009. *Report on Financial Sector Reforms.* Special Report, New Delhi: Planning Commission of India.

19. Rangrajan, Dr C. 2008. *Committee on Financial Inclusion.* Special Report, New Delhi: Government of India.

20. Sa-Dhan. 2010. *Policy Interface 2010: A Report.* New Delhi: Sa-Dhan and UNDP.

21. Verma, Singh and. 2014. "Are We Financially Included? An Analysis at Grass Root Level." *Research Journal of Economics and Business Studies.*

22. World Bank. 2008. *Finance for all? Policies and Pitfalls in expanding access.* World Bank Report, New Yotk: World Bank.

Micro-credit as a Form of Self Employment: Issues and Challenges

Dr. Baburao Sambhaji Jadhav

1. Introduction

Over the years, number of studies have been conducted on modus operandi of micro-credits in Bangladesh, Nepal, Indonesia, South Africa, Kenya, Uganda and other developing countries at an International level. However, at the National level, studies on the same theme broadly covers Andhra Pradesh, Tamil Nadu, Kerala, Karnataka, Maharashtra and other states, which commonly illustrates its success in reduction of poverty and vulnerability, contribution for better education, health and housing, accumulation of assets, improvement of social and economic situation, building capacity to participate in local bodies, paving way for micro-enterprises for sustainable income inflows, decrease the dependence on exploitative local money lenders and increased savings, eliminating gender inequality, improving status of rural women and so on. However, in the Indian context, during the last three and a half decade, many studies have been carried out on the same issue in different parts of the country in general and Maharashtra in Particular. These studies are mostly based on secondary sources of data and peculiar successful case studies. Various stakeholders are engaged with the delivery of micro-credit to the poorest families of the country under the name of empowerment, poverty alleviation, self employment generation and entrepreneurship developmental activities. There existed a belief that the poor is not creditworthy and bankable. After the introduction of microfinance credits, they were able to engage themselves into various self employing activities. The expectation from this concept of micro-credit was to enhance the self employment activities for the poor. Thus, by keeping these broad objectives at the core of this policy, different stakeholders adopted micro-credit as a strategy of providing opportunity to the poor for Income Generating Activities (IGA). It has been identified that there are four types of micro-credit models; i) Model-I Bank-SHG linkage, in which bank is the facilitating agency for the Self Help Groups (SHGs), ii) Model of Non-Governmental Organizations (NGOs)–linkage model of SHGs, in which NGOs work as social intermediaries. In this model, NGOs have no financial role but act only as mediators. The NGO facilitates direct credit linkage

of SHGs with banks. The NGOs assist the banks in monitoring the credit linked SHGs. iii) Model-III, SHGs are promoted by NGOs as financial mediators and are financed by banks under NGOs or formal agencies. In various parts of the country, local NGOs are being financed by Tribal Development Corporation and are being given subsidy from Tribal Development Department. iv) Model-IV of micro-credit, is NGOs-MFI model, under which, NGOs are transforming themselves into microfinance institutions to offer micro-credit and other financial services to the poorest of the poor. In this model, NGOs act as both facilitator and microfinance mediator.

1970s onwards, Government also shifted its approach towards social sector and extended co-operation and entered into partnerships with private sectors and NGOs. The Central and State Government Agencies adopted Public–Private Partnership (PPP) model of development. They also established different units to support micro-credit programmes such as Rashtriya Mahila Kosh (RMK) at the centre level. The State Government of Maharashtra established a semi-governmental organization called The Mahila Arthik Vikas Mahamandal (MAVIM) at the state level to facilitate the policies of micro-credit at the grassroot level, among the poorest families. It has been identified that the nature, structure, ideology, philosophy and functionaries of the micro-credit are different for different models. However, this study would focus on the NGOs-led SHGs model of micro-credit for intensive study. It has been argued by some scholars that NGOs are philanthropic, liberal, charitable and flexible in their approach as compared to the Governmental Agencies. NGOs work at grassroot level with people and they follow bottom-up approach and participatory methods of work. As a result of their close affinity with the grassroot people, they know the realities better and can identify the real issues and problems of the local people. Thus, NGOs and Semi-Governmental Organizations have emerged as mediators, agents, facilitators and partners in the developmental projects for the last three and a half decade. Thus, micro-credit is emerging as a strategy, plan, programme and policy to provide self employment opportunities to the marginal sections of the society. Thus, poverty alleviation and women empowerment programmes are also linked to the micro-credit. The major focus was given on the identification of BPL families and to raise them above poverty line. Thus, by keeping these broad objectives, small groups of poor women, labourers and farmers were organized under the name of self help groups. NGOs and micro-credit functionaries took two years' time to provide their services to the SHGs. They linked SHGs with banks, government agencies and markets by providing their services, help,

guidance and trainings. It has been found that despite the efforts of different stakeholders of the functionaries, micro-credit was not able to address the issues of gender inequality, patriarchy, caste, lack of raw material, lack of capital and lack of other resources. It has been seen that micro-credit has not been successful to sustain the income generating activities and self employment of women in general and poor in particular. Against this backdrop, this study tries to explore ground realties, to find out the different issues and challenges which are posing major threats on the self employment activities which were initiated with the help of micro-credit.

2. Review of Literature

There are various studies that were carried out to understand the impacts of micro-credit on the socio-economic lives of the poor in general and women in particular. However, this study made an attempt to review some studies which focused on self employment activities of the SHGs and their difficulties. According to Chavan and Ramakumar (2002) micro-credit programmes and institutions, generated a positive change in the incomes of the beneficiaries, but this change was only marginal. There was no improvement in the skills and the technology adopted by the beneficiaries. The programme only had a minimalist impact on the earnings of the employed fraction of the rural poor, such as a high repayment rate of the Grameen Bank model is ensured through high costs on enforcement. Govind, Dev Nathan and Rownok (2004) in a study called 'Redefining Women's Samman:Microcredit and Gender Relations in Rural Bangladesh', assess the impact of microcredit schemes on women's participation in household decision making and on their own well- being. Brody, Copestake, Greeley, Kabeer (2003) pointed out the impact of microfinance on poverty and suggested changes in the operational level of the microfinance. Such as an article by Amin, Becker and Bayes (1998) named 'NGOs-promoted micro-credit programmes and women's empowerment in rural Bangladesh', illustrated the relationship between poor women's participation in the microcredit programmes and their empowerment. Khandker (1998) studied the impact of micro-credit programmes by analyzing three programmes namely Grameen Bank, Bangladesh Rural Advancement Committee (BRAC) and Rural Development (RD) in Bangladesh. He concluded that the programmes had a significant impact on the household expenditure, employment, consumption pattern of households and nutritional status of the

children. According to him, about 5% of the programme participants could raise the living standards of their families above poverty line each year by borrowing micro-credit in accordance with the microfinance programmes. But the study revealed that the sustainability from poverty alleviation was achieved through changes in consumption, rather than the changes in income and productivity. As the participants in these programmes lacked the skills and knowledge to undertake self-employment opportunities in rural non-farming activities, the possibility of long-run poverty reduction through micro-credit was remote. NABARD itself examined credit needs of the rural poor and the role of SHGs and their linkages with formal credit institutions.

A broad overview of some of the Indian experiences of the past 20 years (1970s-1980s) is presented, discussing the need to bring about linkages between the formal credit structure and SHGs; to the mutual advantage of both - improve the access of the poor to formal credit and provide effective instrument of credit delivery to be used by the formal credit agencies. Hashemi (1996) studied the implications of the rural credit programmes in terms of mobility, security, ability to make purchases, involvement in major household decision-making, relative freedom within the family, political awareness and the involvement in political campaigning and protest. The major conclusion of this study was that the increased access to credit improved their social mobility, self worth, voice in household decision-making and access to assets and education. In his evaluative study on the role of NGOs in evolving participatory processes through the creation of village development, SHGs in the World Bank-sponsored project of Jammu and Kashmir indicated that, the Government project functionaries create awareness, facilitate project functionaries in establishing rapport with local communities, and assess the willingness of the community to co-operate and participate in sustainable watershed development by local NGOs. It is indicated in the evaluation report, that the role of the NGOs in terms of capacity building has been negligible due to the fact that the government project functionaries have not involved the local NGOs for such a vital task. In order to make projects participatory and sustainable, it is suggested that bottom-up planning by involving reputed local NGOs must be encouraged from the beginning of the project. (Rajasekhar, 2000; Kumaran, 2001; Hashemi, 1996; Ghate, Das Gupta, Raja Ram 2001, Kaldhar, K 1997; Bauman, Eveline, 2003; Kabeer, Naila, 2001). Alba and Park (2003) examined the importance of micro-credit in economic development of rural Bangladesh. According to them, Grameen Bank credit had its impact on four main interrelated development indicators such as employment, productivity, income

level and nutrition. The Bank has created new employment avenues for about one-third of its unemployed members and significant additional employment for underemployed members. They argue that members perform well in terms of high repayment rate, but unless they are able to progress from lower income towards higher income, they are dependent on the bank for survival. Thus credit programme must support a wide range of economic activities and it highlights the significance of IGA in poverty alleviation.

However, the studies done by scholars in this area have both positive and negative results of the impact of micro-credits on the women in general. These studies commonly illustrate its success like reduction of poverty and vulnerability, contribution for better education, health and housing, accumulation of assets, improvement of social and economic situation, building capacity to participate in local bodies, paving way for micro-enterprises for sustainable income inflows, decreasing the dependence on exploitative local money lenders and increasing savings, eliminating gender inequality, improving status of rural women and so on. Thus, it helped to derive various forms and patterns of micro-credit and its impact on the different aspects of women's lives in different parts of the society. Some of these studies came out with positive results of the micro-credit such as micro-credit made poorest of the poor bankable and trustworthy that they were not earlier. Poorest of the poor became the part of economy and they were freed from the bondage and traps of the village money lenders and sahukars. Due to the micro-credit, women got opportunities and space in the public places, such as their representation in the Panchayati Raj system, community, markets and public places. On the contrary, there are some studies which came out with some negative findings such as Self Help Groups were weakly formed, NGOs are target oriented; they are working for the aid and finance not for development. Micro- credit is being used more for consumption than IGA. Micro-credit is being misused. There are some professional micro-credit institutions but NGOs have entered the micro-credit programme and there are no watchdogs to gauge the malpractices and workings of these organizations.

There are some evaluative studies that have accepted that microcredit improved household incomes and also had other associated benefits like increased livelihood diversification, more labour, market activity, better education and health (Hulme and Mosley, 1996). Studies carried out by Lakshmi Kumar (2013) argued that microfinance is an illusion of women empowerment which proved that even women have experienced an increase in income and consumption but in reality they have very little control over resources, assets and do not participate

equally in major household decisions.However, there are hardly studies which focused on the impacts of micro-credits on the self-employment activities of the women. In this context, this study tries to explore the ground realities.

3. Brief Profile of the Study Area

This study was conducted in the Nanded district of Marathwada, a backward region in the state of Maharashtra. The district has sixteen blocks. As it has been pointed out that the district falls under the category of backward district. So the causes of its backwardness are rooted in its historical and political analysis. It has not been able to overcome poverty till date. It is reported by DRDA that 1,32,518 Below Poverty Line (BPL) families still exist in the district. Its backwardness is attributed to the several years of rapacious feudal and exploitative role of the Nizam of Hyderabad. In the year 1724, the district was given to Nizam by the Mughals (Gazette of India). It then came under the Nizam's rule until the provision of linguistic state province (1960). The district is divided into three revenue divisions and people living in the rural areas mainly survived on agriculture. Various castes such as Scheduled Castes (SCs) like Mahars, Chambhars, Matang etc; Schedule Tribes (STs) like Gond, Bhil, Koli, Kolam, Andhas; Other Backward Classes (OBCs) like Mali, Wani, Barbar, and others and dominant castes like Maratha, Brahmin etc. live in Nanded district. 1612 villages and 1310 Gram Panchayats are operating as local self-government for imparting smooth governance to people. Though various development programs like Integrated Tribal Developmental Projects (ITDP), Integrated Rural development Programme (IRDP), Development of Women and Children in Rural Areas (DWCRA), Small Farmers Development Agency (SFDA), Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Indira Awas Yojna (IAY) and National Rural Livelihood Mission (NRLM) etc. have been implemented since last six and a half decades by DRDA, NGOs and other agencies, still there is little impact on the quality of life of the vulnerable sections of the society. The district is still under the trap of feudal impact, illiteracy, unemployment, child labour, and frequent natural disasters like drought, earthquake, famine, shortage of drinking water etc. These emerging forces are posing major threats to the livelihood patterns of the poor families especially, those who are dependent on the natural resources for their survival. Hence, to eliminate backwardness of this district, various developmental schemes have been implemented and all marginalised, poor, BPL families are linked to the

micro-credit policies to eliminate their poverty and bring about empowerment. Capital formation through savings and investments of the poor households is perceived as one of the most reliable ways. For this purpose, Self Help Groups of BPL families are formed. Since 1990s, under the Maharashtra Rural Micro-credit Policy, MAVIM, a semi-government organization,has come into existence to work on the SHGs. Initially, almost 2700 SHGs had been formed in 789 villages of Nanded District. According to the available data from MAVIM, the main agent implementing the programs in the district, around 6054 women are members of SHGs. Upon recognizing MAVIM's contribution, it was declared as the mother of all the NGOs in the field of women empowerment on 20th January, 2003. Since then, central and state government have started to divert all welfare schemes to the MAVIM for the implementation. MAVIM is working in 13 talukas of the district and has a sub-centre called Community Resource Management Centre (Lok Sanchalit Sadhan Kendra). It has also collaborated with local NGOs such as Shramjivi Mahila Sangathana, Lalit Vishwa Sikshan Samit and other to formulate micro-credit programmes for different parts of the district. Under this policy different schemes were implemented after the names of Sawsidha, Tejeswani, Ramai Mahila Saksimikaran Yojana etc. Ramai Mahila Saksimikaran Yojana sponsors only the SC, ST and BPL women. Under these different schemes, 7529 Self Help Groups were formulated which comprised of 1,37,843 women, belonging to the BPL families,which is the highest number in the Marathwada region. The number of SHGs formed are varied depending on different policies being implemented in the district. Nearly, 197 SHGs are formulated under MRCP, 188 SHGs are under the SWS, 103 SHGs under the SGSY, 897 SHGs under the Special Component Plan (SCP) and 338 SHGs under the TEJ etc. Under SCP, 10,742 women are joined in the SHGs. By keeping the main objective of the study in mind, the present study selected SHGs from the SCP which composes only members from the SC, ST and BPL families. Thus the following table provide detailed information about the SHGs which are established in different parts of the district under various schemes.

4. Methodology

This study used mixed method approach, using primary and secondary data collection sources and combining both quantitative as well as qualitative methods. The study logically applied scientific process for the selection of seven

NGOs and fourteen Self Help Groups from the fourteen talukas of the Nanded District. Sampling method was used at two levels - selection of NGOs and the selection of Self Help Groups as form of micro-credit. The study used purposive sampling method for the selection of NGOs that are working under the SCP. Further, stratified sampling method was adopted for the selection of SHGs for the intensive studies. NGOs categorized SHGs into four groups on the basis of their performances - A, B, C and D. On the basis of their grading of marks, SHGs are divided in these categories. 'A Category' SHGs are considered as best performance SHGs. 'A category' SHGs acquired more than 75 marks out of 100 marks. Even NGOs followed different approaches, methods and perspectives to mobilize, build capacities for empowerment and development of the women. NGOs took two years to complete their target of SHGs. During these two years, they followed four steps in which each step took six months. So, according to the NGOs, all these selected 14 SHGs are the best performing SHGs. Further, study used lottery method to select sample of SHGs from 'A category'. One SHG is randomly selected through lottery method from only 'A category' group of SHGs. The study finds variations in the size of the group or the number of women members in the SHGs. Each SHG required at least ten and maximum twenty members to formulate one Self Help Group. The total number of women from all the SHGs added up to 182, as total sample size.

In-depth interviews, group discussions and interview schedules were used as primary tools of data collection from the SHG members. In spite of these tools and techniques, secondary sources, SHG records, NGO reports, books and articles were used as supportive documents. This study is carried out on fourteen SHGs comprising 182 women belonging to the BPL families from various communities like Mahar, Matang, Chambar, Koli and Dhangar etc. This study follows structural approach linking history on larger political-economic situation, effectiveness of welfare state in implementation of developmental programs, current microcredit policy, role of NGOs, apathy of protective agencies in ensuring equality, social justice and human dignity, access to livelihood etc. to comprehend the SHG issues in totality on poverty alleviation, women empowerment and self employment activities. However, by the efforts of various stakeholders who motivated and persuaded women belonging to the BPL families to invest micro-credit in the Income Generating Activities. Thus, the micro-credit is identified as a form of self employment to the BPL families to overcome their poverty and backwardness. Government agencies also incorporated micro-credit as a policy of poverty alleviation and women empowerment through self employment, income

generating activities and women entrepreneurships. State machineries developed network and collaboration with local NGOs, community based organizations in the implementation of micro-credit policies.

5. Micro-credit as a Self Employment Strategy

Implementation of development programmes like ITDP, IRDP, DWCRA, SFDA and Employment Guarantee Scheme (EGS) etc. since the last six and a half decades, has very little impact on raising living standard of weaker sections of the same region such as SC, ST, OBCs and vulnerable groups like women. Still this district is under the trap of feudal impact, illiteracy, unemployment, child labour and bonded labour. Further, frequently occurring natural disaster of drought, calamities, floods, environmental degradation and deforestation etc. are common phenomenon. District Rural Development Agency (DRDA) of the same district has carried out survey and found 1,32,518 BPL families in this region. Hence, for removing backwardness of common people, a greater reliance is placed on capital formation through savings and investment of households. For this same purpose, micro-credit policy is adopted as a tool for providing self employment to the BPL families to overcome the vulnerability of the poorest of the poor. Various stakeholders are being provided aid and financial helps by International and National level agencies to work on this project. International Fund for Agricultural Development (IFAD), Grameen Banks, National Bank for Agriculture and Rural Development (NABARAD) and Rashtriya Mahila Kosh (RMK) are the pioneer agencies which are playing very crucial roles in providing micro-credit to the local governmental and Non-Governmental Organization for the same. The aim and objectives behind the microfinance was to provide opportunities to the poor families as support to their self employment activities. Microfinance is provided under micro-credit policies, however, different stakeholders are taking interest in providing micro-credit to the poor women. This microfinance is a very tiny and small amount in nature which is not sufficient to invest in any medium sized income generating activity or enterprise. Despite this financial problem, study addressed many other issues and challenges related to the banking sector, NGO sector, public sector and private sector. The preceding discussion of this paper would focus on these aspects in details.

6. The Nature of Women's Employment Activities

As it is mentioned that MAVIM has been working from three decades on the micro-credit programmes, under the different schemes of micro-credit. MAVIM in collaboration with local government bodies, bankers and NGOs, have been imparting training on self employment activities to the women of self help groups. According to their report, they had provided training to the 7141 women of different income generating activities with the help and support of micro-credit in this district.

Table 1
Types of Women's Employment

S. No.	Types of Women Entrepreneurships	Number of Entrepreneurs	Percent
1	Agricultural Enterprises	3995	55.94
2	Non Agricultural Enterprises	3146	44.06
	Total	7141	100

*(**Source**: MAVIM Report: Nanded District, 2010)*

It has been pointed out that 55.94% women adopted agricultural enterprises whereas, 44.06% women adopted non-agricultural enterprises. Agricultural enterprises comprise agriculture, cow, buffalo and goat keeping etc. It has been seen that women were taking land on a lease, for the cultivation and production of cash crops like vegetables, soybeans, cotton etc. Non-agricultural enterprises comprise the tailoring, papad, pickle making, selling clothes, bangadi and running beauty parlours and so on. There are a few women who invested their money in cooking and providing food to the village Anganwadi in their respective villages, under the child integrated development programmes. MAVIM report shows that women were mostly prioritising their traditional occupations rather than a new one. They did not want to take risk to start any new enterprise and activity for which they did not have knowledge, skills and market knowhow. If they did not have security and guarantee for marketing their productions, then they seem to be hesitant for investment in the same, irrespective of the fact that they were trained to carry out the income generating activities. It shows that only training and micro-credit were not enough for sustaining self employment activities, there were other requirements. Social, economic and educational factors also played very crucial roles in determining the status of self employment and income generating activities of the women. Thus, the preceding discussion would be focused on the socio-economic and educational status of women and the study tried to explore how these factors are influencing the decision of the women engaged in IGAs.

7. Major Findings from the Study

7.1 Socio-Economic Profile of the Women

This section provides information on the social, educational and economic characteristics of women. It deals with the social profiles of the SHGs' women indicating caste background, social status, position and economic profiles of the same. Women are not separated from their families and communities. They are the products of their own social structure. Social structure comprises many elements like institutions, groups, norms and values. Women in the society are not equal as men. Further, their status, social position, roles and duties etc. are varied which is dependent upon the ideology and social structure based on caste, class, race and gender across time and space.

The above analysis of the data shows that Mahar and Matang castes have more representation in the category of BPL families as compared to the other caste groups in the Marathwada region. They are also considered as untouchable, impure caste groups and Dalits. Majority of them also came under the below poverty lines. Other than these two castes, very few sample representatives are selected in this study such as Chambhars, Kolis, Dhangars and Muslims. Chambhars are treated as untouchable caste group in this area like Mahars and Matangs. Like Matangs, most of the Chambhars follow the practice of Hinduism. Thus Table 2 shows that almost 49.50% women belong to the Mahar Caste. 46.20% women belong to the Matang caste. Irrespective of these two schedule castes, other castes have less representation in this category. This table shows that only 1.60% women are from the Chambhar caste group, only one woman respondent is from the Muslim community and another one woman respondent is from the Dhangar caste group. Thus, the socio-economic profile of women determines their behaviour pattern, roles and occupations in the society in which they have been living.

Table 2
Social and Religious Background of the Households

S.No.	Caste	Number of Households	Percent
1	Mahar	90	49.50
2	Matang	84	46.20
3	Muslim	1	0.50
4	Dhangar	1	0.50
5	Koli	3	1.60
6	Chambhar	3	1.60
	Total	182	100

7.2 Educational Background of the Women

It has been seen that educational background played very important roles in mutating women to have self employment activities. But due to the lack of education, it seems that women did not want to take risk for investment in the income generating activities. Comparatively, educated women were ready to take on self employment activities. Thus, it implies that educational status affected the decision making process and participation of the women in the activities, with self confidence.

Table 3
Educational Status of Women

S.No.	Educational level	Frequency	Percent
1	Illiterate	105	57.70
2	Just literate	13	7.10
3	Primary	47	25.80
4	High School	12	6.60
5	Higher Secondary	4	2.20
6	Graduate	1	0.50
	Total	182	100

Table 3 shows that literacy rate among the women was 42.30% whereas, 57.70% women were illiterate. The pattern of literacy varied from women to women. Out of these literate women, 7.10% women were just literate with a rudimentary knowledge of reading and signing their names. 25.80% women were educated up to the primary level. They are able to read but they could not write due to the lack of practices of writing. Another 6.60% women were educated up to the high school level. They were able to write and read but did not feel confident to handle the financial account of the SHGs. Only 2.20% women were educated up to higher secondary level. They were capable to write, read and maintain their SHG records. But, they faced problems in loan management and banking. Only one woman, out of 182, was educated up to the graduate level. She was able to carry out the overall work of the SHGs. However, there were a few women who got trained by the NGOs to speak confidently in public spaces and bargain and negotiate with different stakeholders. But they are very few in number, as many women are still to take on such leadership roles.

7.3 Livelihood Pattern of Women Households

Since Independence, the Government policies for micro-credit and their impacts on poor households, have been broadly ineffective. Many NGOs have

implemented the micro-credit policies in the state. A few of them have worked under this scheme in this region and provided their services to the poor families. They supported to generate the resources and provide support to the livelihood of the families.

Table 4
Sources of Livelihood for Women Households

S. No.	Sources of Livelihood Pattern of the Families	Frequency	Percent
1	Agriculture	30	16.50
2	Labour	70	38.46
3	Jobs	9	4.90
4	Business	4	2.20
5	Entrepreneurship+ Agriculture	12	6.60
6	Agriculture + Labour	42	23.10
7	Agriculture + milk(goat buffaloes)	8	4.40
8	Tailoring	3	1.60
9	Tailoring + labour	4	2.20
	Total	182	100

It is seen that out of 182 respondents, 38.46% women generated their livelihood source from their own labour. Only physical labour power is the source of their income and survival. Only 16.50% of the households had agriculture as supportive source for their survival. Other 4.90 % households had job as a source of livelihood. Another 2.20% households were involved in business. They were running their traditional businesses like kirana shops, hotels and making food items etc. In spite of these single sources, a few households were engaged in more than one occupation to meet their needs. It is also reflected that 6.60% households were engaged in entrepreneurship and agriculture as sources of their income. 23.10% households engaged in supplementary occupations like agriculture and labour. 4.40% households were engaged in agriculture and goat keeping for the purpose of milk production. There were 1.60% households that had tailoring as a source of income and other 2.20% households that had both tailoring and labour as sources of income.

7.4 Sources of Micro-credits

Micro-credit has challenged the old notion and ideas that women, poor and marginal sections of the society were not bankable and credit-worthy. These poor people used to take loan from the village money lenders - sahukars and thekedars in crucial times. Since 1990s, due to the emergence of micro-credit, poorest of

the poor were taking loan from the micro-credits. Different stakeholders such as government organizations, semi-government organizations, NGOs, micro-credit institutions and bankers were taking interest to sanction micro-credit to the self help groups of the women and men. It has also been seen that the bankers and micro-credit institutions were prepared to sanction loan to women on a priority basis.

Table 5
Loan from SHGs (year- wise)

S. No.	Loan Amount	2005	2006	2007	2008	2009	2010
1	No Loan	85.20	69.20	57.10	51.10	51.10	75.80
2	500	1.60	3.80	4.90	9.30	1.10	0.50
3	1000	6.00	7.10	10.40	16.50	10.40	6.00
4	2000	2.70	8.80	8.20	4.40	12.10	4.90
5	3000	1.60	3.80	4.40	3.80	6.60	1.60
6	4000	0.50	0.50	4.90	8.20	2.70	1.60
7	5000	1.60	4.90	5.50	0.50	4.40	2.20
8	5000-7000	--	0.50	0.50	0.50	3.30	1.60
9	7001-10000	0.50	1.10	1.10	5.50	1.10	0.50
10	10001-15000	--	--	2.70	--	7.10	4.90
	Total	100	100	100	100	100	100

The year-wise loan profile shows variation in terms of loan distribution for the women. There is no uniformity among the group members in sharing of the loan amount. There were only 2.70% women who withdrew loan amount between Rs. 10001 to 15,000 in 2007. In 2009, another 7.10% women withdrew same amount as loan. 4.90% women withdrew same amount as loan in 2010. This indicates that SHGs had insufficient amount to meet the needs of their members. Therefore, members withdrew loan from other sources available in their community.

The study also found that NGOs tried to grade their SHGs into A, B, C and D categories on the basis of their performances. They motivated SHG members to get the 'A' grade. At the initial stage of a group, banks sanctioned them loan only up to Rs. 20,000. This gradually increased with the group's performance ranging from Rs.50,000, to Rs.3,00,000; on the basis of their regular savings, repayment of loan and interest rate amount. Bank manager also visited the groups and interacted with SHG members. Bank officer verified the use of loan and utilizations. Before loan disbursement, SHGs have to submit file in the bank

for loan proposal which is then verified by bank officers who visit the groups and then sanction the loan.

Table 6
Loan Disbursement from the Bank (year- wise)

S.No.	Loan Amount	2005	2006	2007	2008	2009	2010
1	No Loan	93.40	83.50	67.60	63.20	64.30	92.90
2	1000	3.80	4.40	9.30	1.60	1.60	--
3	2000	0.50	3.80	6.60	2.70	2.20	--
4	3000	--	--	2.20	4.40	3.30	1.10
5	4000	--	1.60	2.70	12.10	2.70	--
6	5000	--	3.80	5.50	7.70	8.80	--
7	7000	--	--	--	0.50	1.60	2.70
8	10000	1.10	2.70	3.80	4.90	11.00	1.60
9	15000	0.50	--	0.50	0.50	1.60	1.60
10	20000	--	--	1.60	1.10	2.70	--
11	25000	--	--	--	--	--	--
12	30000	0.50	--	--	0.50	--	--
13	40000	--	--	--	0.50	--	--
14	50000	--	--	--	--	--	--
	Total	100	100	100	100	100	100

This table reflects upon the status of loan taken from the bank by the women. NGOs linked SHGs with different banks to get loan for self employment activities under different micro-credit schemes. In the case of these women, it is found that during the year 2005, 93.40% women did not take loan from the banks. During this same year, only 3.80% women took loan up to Rs.1000 and only 1.10% women withdrew loan amount of Rs 10,000. In 2006, 83.50% women did not take loan. In 2007, 9.30% women took loan up to Rs.1000. Others took loan upto Rs.20,000. Out of all the respondents of the study, there were only 0.50% women, who took loan of Rs. 40,000 in 2008. This is the highest amount of loan among the SHG members. 0.50% women took loan of Rs. 30,000 in 2005 and 2008. During 2005 to 2009, the table shows that majority of SHG members were not much interested to take loan. But again in 2010, the situation was reversed and the trend of loan pattern changed. The number of SHG members, taking loan from the bank, reduced because many bank officers did not co-operate in sanctioning loan easily. The verification process was long, intensive and time taking. Another

reason is that, private micro-credit institutions entered the region, to provide loan to the SHG women at their doorstep. Therefore, women turned to these institutions instead of banks.

Table 7
Loan from Basix (year- wise)

S. No.	Loan Amount	2008	2009	2010
1	No Loan	62.90	63.40	67.40
2	5000	7.10	5.60	3.60
3	5001-7000	8.00	12.00	8.40
4	7001-10000	12.00	8.00	12.60
5	10001-15000	10.00	11.00	8.00
	Total	100	100	100

It has been seen and observed that many micro-credit led NGOs entered in this field to provide loan to the women SHGs, under the micro-credit schemes. This study finds that these institutions had developed their collaboration with local NGOs for the implementation of this scheme. Study finds that the institutions were Swayam Krishi Sangam (SKS), SPANDANA, SAMRIDDHI, Larsen & Toubro (L&T), BASIX and Grameen Koota.

The data in the above table reflects upon the loan status of the women who took loan from BASIX during the last three years. Like other NGOs, BASIX also sanctioned minimum Rs.5000 and maximum of Rs. 15,000 to the individual person. However, if staff members had confidence about the individual, they sanctioned loan up to Rs. 40,000 to Rs.50,000 also. But as usual, they follow the similar pattern. In case of our respondents, they sanctioned up to only Rs. 15000. In 2008, almost 62.90% women did not take loan from this organization and the rest of them did. Table 7 shows that the trends of loan receivers are gradually declining in the successive years of 2009 to 2010. But it does not mean that SHG women had stopped taking loan from the NGOs, rather new NGOs entered in this region to offer loan to the SHGs. Almost 10% women took loan between Rs. 10,000 to Rs. 15,000 in the year of 2008 and 11% women took loan between Rs. 10,000 to Rs.15,000 in the year 2009. In 2010, only 8% women took the same amount as loan. In the same year, the highest number of the respondents around 12.60% took loan between Rs. 7001 to Rs. 10,000; the lowest rate of the respondents i.e. 3.60% took loan up to only Rs.5000. Thus, the study finds variations in the terms of the loan amount and the trend of taking loan.

BASIX, has different units to focus on the different aspects of the people who take loans. It focused mainly on the micro-credit, livelihood pattern, trainings, resources and researched on these issues.

As compared to the other organizations, Spandana has this special provision to provide loan to the individual members. Otherwise, other organizations mostly denied giving loan to the individual members. The organization provides loan to the individual members on their own credit. Thus, the following Table 8 shows the trend of local women withdrawing loan from Spandana.

Table 8
Loan from Spandana (year- wise)

S. No.	Loan Amount	2007	2008	2009	2010
1	No Loan	89.00	89.60	68.50	67.40
2	5000	3.90	0.50	10.20	3.60
3	5001-7000	4.40	8.20	15.30	8.40
4	7001-10000	0.50	0.50	2.50	12.60
5	10001-15000	2.20	1.10	3.50	8.00
	Total	100	100	100	100

This shows that during the year 2007, almost 89% women did not receive loan from this organization and the remaining did. However, only 0.50% took amount between Rs. 7001 to Rs. 10,000. 4.40% women took loan between Rs.5001 to Rs. 7,000 from it. In 2009 and 2010, almost 68.50% and 67.40% women did not take loan. This table shows that year by year, SHG women approached the organization for loan. Study finds that this organization has made more flexibility in their rules and regulations of sanctioning loan to the SHG women. Thus, the table shows variations in terms of the percentage of the women and amount of the loan they took from this organization.

Swayam Krishi Sangam (SKS)[1] is a widely known organization working in the field of microfinance in this country. After identification of the needy women and men, they make groups comprising four to five women. In case of women, they did not find it difficult, because women were already part of SHGs. In some villages of this region, the local NGOs like Jan Chaiytaiyana Mandal, Chakardhar Grameen Samajik Pratishthan, Vanshri and others had formulated farmers group. Therefore, these organizations did not find it difficult to form SHG groups and farmers groups and clubs.

[1] Currently SKS has been taken over by another entity.

Table 9 Loan from SKS (year- wise)							
S. No.	**Loan Amount**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
1	No Loan	98.00	96.80	93.60	92.90	90.80	89.00
2	5000	0.50	1.10	0.50	3.60	2.10	3.90
3	5001-7000	0.50	1.10	0.50	2.50	4.90	4.40
4	7001-10000	0.50	0.50	2.70	0.50	1.10	0.50
5	10001-15000	0.50	0.50	2.70	0.50	1.10	2.20
	Total	100	100	100	100	100	100

The above table reflects upon the loan status of the SHG members who withdrew from the SKS during the last six years i.e. 2005 to 2010. The table shows that every year women approached SKS for loans. The collected information in the above table shows that 98% women had not approached it in 2005, but gradually, this trend reduced in the subsequent years from 2006 to 2010. The study found that SKS sanctioned minimum of Rs. 5000 and maximum of Rs. 15,000 to an individual woman. It did not sanction more than Rs.15000 to any woman. The study indicates that women approached these organizations to get loans to meet their needs.

Banks gave loans to SHGs on many pre-conditions - The SHGs should be working very well, their savings should be good, they should be involved in any income generating activity and should have paid their previous loans on time. On the basis of their evaluation made by bank managers, in most of the cases, bank manager visited the field and personally observed and interacted with the SHG women, before sanctioning the loan. But in case of these NGOs, field officers and managers did not bother about the income generating activities of the group. They were more concerned about their recovery rate, if the group had paid their earlier loan on time, then the same group and individual sanctioned further loan on the joint liability of the group members, their creditworthiness and faithfulness. Comparatively, these NGOs easily sanction loan to the women but their interest rates are more than the banks. Banks offer only one percent interest rate on their loans. But, these organizations had their own pattern of the loan interest rate and recovery rules.

Grameen Koota is another micro-credit led organization which has recently established its office in this region. However, it was working in this area from 2009 onwards. It has opened its four branches in this district - in Nanded,

Bhokar, Deglur and Naigaon. However, the fourth branch covered almost three nearest talukas such as Naigaon, Mukhed and Biloli. This organization is financing only women's groups. During the last two years, it has not sanctioned loan to the men's groups or to individual members. From 2008 to 2010, it sanctioned Rs. 1,50,62,000 rupees as loan amount to the women in this region. Until one group would return the loan amount, this organization would not provide another loan to the same member or the same group. Within a very short period of time, this institution covered 30 villages of this taluka consisting of almost 1500 members. This branch established 63 Kendras in this area. Each Kendra has 40 to 45 members. One Group consists of ten members. This institution sanctioned loan to only women, not men. It also sanctioned loans to the group, not individuals. This institution sanctioned minimum Rs.1000 and maximum Rs.10,000 loan amounts. In some cases, it sanctioned up to Rs.15,000. But mostly, it sanctioned up to Rs.10, 000. According to their amount, it made plan of repayment through fixed instalments. The amount of instalment would depend on the amount and duration of the repayment of the money. If the duration of the repayment is more the rate of interest would be more.

Table 10
Loan from Grameen Koota (year- wise)

S. No.	Loan Amount	2009	2010
1	No Loan	89.00	87.40
2	2001-4000	0.50	2.20
3	4001-5000	3.40	0.50
4	5001-7000	4.40	7.70
5	7001-10000	0.50	0.50
6	Up to 10000	2.20	1.60
	Total	100	100

Table 10 focuses on the information of women who took loan from the Grameen Koota micro-credit institution. In 2009, almost 89% women did not take loan from this organization, but the remaining 11% women did. Though the amount of loan varied, nearly 0.50% women took loan between 2001 to Rs.4000, 0.50% women took loan between 7001 to Rs.10, 000. In the year 2010, 87.40% women did not take loan from the organisation.

Asmitha a micro-credit led – NGO, adopted more or less similar kind of pattern of sanctioning loan to the poorest of the poor and women. 2006 onwards, women approached this organization when they were asked to form a group, if they were not part of any. The study finds that few of the women respondents took loan from Asmitha as well.

Table 11 Loan from Asmitha (year- wise)						
S. No.	Loan Amount	2006	2007	2008	2009	2010
1	No Loan	90.80	89.00	68.50	67.40	92.90
2	5000	2.10	3.90	10.20	3.60	3.60
3	5001-7000	4.90	4.40	15.30	8.40	2.50
4	7001-10000	1.10	0.50	2.50	12.60	0.50
5	10001-15000	1.10	2.20	3.50	8.00	0.50
	Total	100	100	100	100	100

It is found that in the year 2006, 90.80% women did not take any loan from Asmitha. Almost 4.90% women had loan from it, between Rs.5001 to Rs.7000. Further, 1.10% women took loan between Rs.10001 to Rs.15,000. In 2007, 3.90%women took loan up to Rs. 5000. The table shows that the trend of loan increased from 2007 to 2008 and 2009, but it declined in 2010, because other NGOs entered in this field to provide loan to the women.

L&T was also working in this area. It also provided microfinance to the poor women, labourers and farmers. The study found that the respondent women took loan from this organization too. However, the percentages of women loan receivers are comparatively less than non-receivers.

Table 12 pertains to the loan profiles of women from the L&T micro-credit organization. Almost 92.90% women did not take loan from this institution in the year 2008. Overall figures indicate that almost 8 to 10% SHG women took loan from this organization every year.

Thus, this study finds that there are many organizations that are providing loan to the SHG women. The study has its own limitations like it focuses on the role of only seven local NGOs of the region. It wanted to know how these local NGOs are working on the issues of women empowerment through micro-credit. But at the field level, study found that women are targeted by many others. These organizations tried to

Table 12 Loan from L&T (year- wise)				
S. No.	Loan Amount	2008	2009	2010
1	No Loan	92.90	93.60	89.60
2	5000	3.60	0.50	0.50
3	5001-7000	2.50	0.50	8.20
4	7001-10000	0.50	2.70	0.50
5	10001-15000	0.50	2.70	1.10
	Total	100	100	100

find out the local field workers, managers and branch managers of the same region. They appointed high school pass out, graduate and post graduate youth of the same region, on a contractual basis, and gave them salary on the basis of target completion. As discussed above,the field workers were provided with two wheelers and patrol to wander in this region to identify customers, target groups, needy people and to lend and collect credit from them on time.

In the above analysis, it is found that women took loan from different micro-credit providing NGOs. Local NGOs identified poor women and adopted microfinance as a tool, to reduce their indebtedness and breakfree from the loan trap of the village moneylenders/sahukars; with a promise to make the women self-sufficient, independent, and come up above poverty line. NGOs made efforts to formulate SHGs, provide training & guidance, and linkages with different developmental agencies. They gave them training for entrepreneurship and income generation. All this was done by the National level NGOs instead of local ones. However, these national level organizations developed their linkages with local NGOs by providing aids and financial help to them. Thus, the study also found that local NGOs did not have a long vision policy and scheme for women empowerment. They just worked for aid and financial support that they got from National NGOs. If they complete their target, then they shifted their target to the other project. In case of SHGs, local NGOs had a rapport with them, but many NGOs complete the entire work in two years in which they get funds for facilitating the group formation, nurturing, performing and storming. After crossing four successive stages of SHG formation, NGOs link them with banks and IGAs and consider that they successfully complete their task. But after that these national NGOs entered the same field and targeted the same SHGs in the form of groups. They motivated and gave assurance to provide credit to meet their needs. Further, they made their Sanghas (groups) according to their own guidelines, they linked them with banks and different insurances for not only their security but also security of their money. Study found that all these NGOs made compulsory that each and every women had to take insurance for their buffaloes, goats, cows and anything which they had purchased with the help of these credits.

7.5 Profile of the Self Employment Activities

This section reflects upon the brief profile of the IGAs in SHGs, which had been started to generate income. Study finds that most of the SHG members gave

preference to those IGAs in which they had knowledge and they easily could collect the resources. However, most of them were not engaged in any kind of activity because of the lack of raw resources, lack of capital, lack of training and lack of self-confidence. Besides these issues, study also highlights that there are some socio-cultural and socio-economic factors that hinder the starting up of IGAs. In most cases, women were not allowed by their husbands to participate in the same. In some cases, women themselves did not have confidence.

Table 13
Profile of the Self Employment Activities

S. No.	Self Employment Activities	Frequency	Percent
1	Tailoring and Dress Designing	12	6.60
2	Preparing soft toys	3	1.60
3	Hand Embroidery	2	1.09
4	Food Processing	4	2.20
5	Beauty Parlor	4	2.20
6	Milk production and management	2	1.09
7	Goat keeping	8	4.40
8	Buffaloes /cows keeping	11	6.04
9	Providing Foods to Anganwadis	16	8.79
10	Preparing organic chemicals	4	2.20
11	Preparing Agarbati	3	1.60
12	Opening kirana shops	4	2.20
13	Selling vegetables	7	3.84
14	Doing agriculture	15	8.24
15	No Enterprises	87	47.80
	Total	182	100

Self employment activities, being conducted by women with the help of micro-credit, were very limited. It was identified that 47.80% women were not engaged in any income generating activity (IGA). The study found different reasons for the same. Some of them quit being part of IGAs because of the loss in IGAs. The highest number of women 8.79% provide food to village Aganwadi under the scheme of Integrated Child Development Program (ICDP). 8.24% women were involved in agriculture. Most of them took land on the lease basis, for cultivation. 6.60% women started tailoring and dress designing activities. 6.04% women purchased buffaloes for the purpose of selling milk. 4.40% women kept

goats. Almost 3.84% women engaged with the activities of selling vegetables, 2.20% women process food. The study shows that only 1.60% women made soft toys, 2.20% women started kirana shops in their localities, 1.09% women started hand embroidery, 1.60% women make agarbatti and 2.20% women run a beauty parlour. Otherwise, most of them were engaged with agriculture based activities in which they had more knowledge and felt more confident. Inspite of these IGAs, the study also finds that there were three SHGs out of 14, which were engaged with the group income activities based on the local resources. Sangharsh Mahila Bachat Gat group members did agriculture as IGA, from the last five years. In the initial two years, these group members got good production from their investment. But in the last two years, they started losing their benefits and lost their income because of the frequently occurring droughts. Another SHG named Annabhau Sathe Mahila Bachat Gat started the IGAs of milk production by purchasing buffaloes. Group members jointly started milk production with the help of Maharashtra Grameen Banks. This group received Rs. 1,20,000 rupees as loan in 2010. The group purchased four buffaloes of Rs. 1,00,000 and prepared cheese, curd, sweets, buttermilk and other items. Among the 11 members, they planned the division of labours systematically. Few of them grazed buffaloes in the village community lands, a few of them collected fodder and grass for them, others gave water and milked the cattle, few others went to sell the produce in the market. Thus, during the last two years, they repaid their loans to the bank. But from the last two years, these women are facing problems to get fodder, grass in the community lands. They face similar problems even in the summer season. This is not the case only with one SHG but with almost all SHGs.

7.6 Identified Issues and Challenges

The study identified many issues and challenges in the approach of preparing women for self employment activities with the help of micro-credits. There are a few issues and challenges that pose major threats to the self employment approach and are associated with the individual capacities, personal views and visions, family backgrounds, caste and ideology, patriarchy and its structure, knowledge of resource and raw material management & marketing skill of the women.

The study also identified a few factors which discouraged investments. They are - lack of raw materials, lack of proper trainings, lack of capital, social stigma and

lack of social mobility. Despite these reasons, frequently occurring droughts, natural calamities, floods and climate change are adding fuel to the fire. A news article published in a local newspaper (2015) also talked about natural resource degradation and its impacts on the self employment activities of the women in this region. Due to emerging droughts more than 400 SHGs had to close down their milk production activities in the Kandhar taluka of the same district. Nearly 30 SHGs had to close down their income generating activities from Ardhapur taluka. 52 SHGs had to close down their IGA in Hadgaon taluka. This speaks up for the grim situation occurring due to the resource degradation in different parts of the district. In addition to the natural and climatic factors, the study found many other influencing factors. They are discussed below.

Table 14
Problems in Carrying Out the Activities

S. No.	Nature of Problems	Frequency	Percent
1	No Problems	91	50.00
2	Lack of Raw Materials	48	26.40
3	Lack of Training	11	6.00
4	Lack of Capital	20	11.00
5	Social Stigma	5	2.70
6	Lack of Social Mobility	7	3.80
	Total	182	100

The table shows that 50% women had no problems in carrying out the self employment activities or income generating activities, that is because they did not engage with IGAs. A significant percentage of women had major problems in getting raw materials (26.40%). However, micro-credit led NGOs linked them with different agencies to avail loan, but unavailability was still a major constraint. A small percentage of women i.e. 6%, lacked proper training and knowledge about the activities undertaken.

An important inference from the study was that the micro-credit is a very small amount which is insufficient to run and sustain IGAs, that require capital and money. This was recognised as an important factor by 11% women. Only 2.70% women said that they faced social stigma from the society and family. Comparatively, due to the training and constant motivation of the NGOs, more women are taking interest in the IGAs. Still 3.80% women found problems related to social mobility. Besides this there are many other factors which become hindrances in the way of women entrepreneurships and self employment activities. The study identified

many facts and issues related to these activities such as, lack of confidence, raw materials, market facilities, sufficient money, resources, social constraint, cultural ethos and mindset of the women.

The study found that women produced products like papad, pickle, milk, cheese, curd, vegetables, clothes etc. We organized focus group discussions and in-depth interviews with the SHG members from different groups in different talukas and arrived at some facts of how they manage to produce and sell these products. Most of them said that their villages were very close to the taluka where the villagers went for daily purchases. Therefore, a business in the village was not very viable. Women also doubted whether the privileged caste people would purchase their products or not. MAVIM and government organizations had taken initiatives to organize stalls at the talukas, district and regional levels. But SHG women earned very less from these stalls. The response to their produce, by the nearby communities was not satisfactory, after much advertisement through local media.

The study highlighted testimonies from various SHGs in different villages, depending upon the location, social-cultural structures, village economy etc. that determined the important role of the SHGs and provided space to some of them within the village social structures. The villages in which enterprises like grocery shops, flour mills, tailoring etc. already existed, there was lesser scope for women to start the same enterprise in the same village. Women did not feel empowered to start an IGA outside the village. In addition, they received very small amount from the microfinance institution, which were not sufficient to start any macro-enterprises and business.

8. Summary of the Findings

The following key dimensions of the study substantiate that the issues and challenges are associated with the socio-economic, cultural, political, individual and educational backgrounds of the women and managerial and administrative aspects of micro-credit functionaries.

1) It has been found that the households of the women respondents did not have sufficient income sources to meet their basic needs. Most of these women belonged to the Scheduled Caste. 49.50% women belonged to the Mahar caste and 46.20% to the Matang caste. Only 16.50% of the households

had agriculture as a supportive source for their survival, which was further substantiated by allied occupations or activities. The availability of micro-credit could open up the possibility of starting animal husbandry or a self employment activity.

2) It was identified that most of the women were landless due to which they were not ready to take up animal rearing as an IGA. These animals required space for grazing, grass, fodder and water. The occupation of animal husbandry is associated with the agriculture. It has been identified through group discussions with the women, that it is not possible to keep animals withoutown lands. Therefore, women don't take much interest in this activity.

3) Due to frequent natural calamities in the region every social group, especially women face multiple problems. They come under the triple burden of resource degradation. First, they take loan from different stakeholders such as banks, SHGs and micro-credit institutes, with a joint liability to repay the loan in time. If they fail, they lose their credit in the SHGs, banks and credit institutes. Second, these women invest their loan amount in agriculture, purchase of cattle; for the purpose of selling milk and preparing food items for the market. In such situations, due to unavailability of fodder, grass and water, they sell these products in the markets at lower prices. For eg. If the price of the buffaloes falls from Rs.35,000 to Rs. 25,000 in two years and they still keep the buffaloes with them, they would have no fodder, grass and water to feed them. The price of fodder will keep increasing and its availability would decrease. All this further results in financial burden.

   Frequently occurring droughts posed major threats to the sustainability of the IGAs. The resource degradation process creates resource scarcity in this region. SHG women mostly engaged with such IGAs which were dependent on locally available resources such as land, water, grass, fodder, fruits, leaves and other resources. They took land on lease basis for cultivation. But due to less rainfall and frequent droughts, they couldn't get more production. These SHG women not only lost their production but also lost their input expenditures and output production. The women collected fuel wood, grass and fodder from these lands to feed their buffaloes, cows and goats and cultivated vegetables for marketing. But emerging drought situations posed many challenges for agriculture. Thus, women had to not only close down their agricultural production but also their IGAs. However, the adverse impact of droughts were not only limited to IGAs, it also affected the purchasing power and capacity of the people.

Thus, a need emerged to have a policy that would help to sustain resources and reduce the natural calamities.

4) Despite being trained to carry out various income generating activities, the women were not interested to invest in a new and unknown occupation or income generating activity. They gave priority to the traditional and familiar activities. Thus, mostly, SHG women went for agriculture and IGAs based on the local resources.

5) The study found that almost 87 out of 182 women did not start any type of IGA. Out of these 87 members, most of them had invested credit in such activities which were known to them like agriculture, animal rearing etc.

6) The study found that in spite of the grass, fodders and water, SHG women collected minor forest produce from the nearby forest and community lands. They use these resources for many purposes such as for consumption, marketing and as medicines. SHG women of this region collected different types of local fruits (such as biba, halad, char, leaves of palas etc). Women mostly gave preference to such IGAs because they harvested them without any investment or expenditure.

9. Conclusion

This study finds that there are different types of issues and challenges which pose major threats to the self employment activities of the women. These issues and challenges are associated with the individual and personal characteristics of the women, social-economic characteristics of the communities and different functionaries associated with the micro-credit programmes. It has been pointed out that most of the women were illiterate; they were not able to maintain accounts and records related to banking, savings and loan management of micro-credit deliveries. They were dependent on others for financial management, which indicates the requirement of literacy among all women.

It is also the truth that micro-credit has linked with banks and women became bankable and creditworthy, but the credit amount provided is very small and insufficient to invest in any type of self employment activity. There is a need to enhance or increase the rate of micro-credit. It has also been pointed out that the other social-cultural factors that pose major burden over the women in the society. Social stigma, caste ethos, patriarchy and mind set of the society etc.are

emerging as major threats and challenges for women's mobility. A few issues and challenges are also associated with the individual capacities of women, their personal views and visions, family backgrounds, caste and ideology, patriarchy and its structure, knowledge of resource and raw material management and skill of marketing etc. It was identified that in most of the cases, personal views and visions of the poor women are not taken into consideration. In most cases, head of the households and their opinions are taken into account and assumed that women of the same households are interested in microfinance.

Micro-credit led organizations had their own agenda and targets to complete and form Self Help Groups. However, field workers, program officers, supervisors and sahyoginis provided training to the women on how to write and maintain accounts, manage loans and day to today activities of the SHGs. Irrespective of their trainings and guidance to the groups, many of them were not able to read and write and maintain the records. It was identified that most of the women were illiterate and some of them were just literate. Thus, there was a need to build their individual capacity first and provide them the skill of writing and reading.

In most of the castes, women became instrumental to take loan from different micro-credit lending agencies and pass the same to their head of the households. Thus, the women were controlled by the system of patriarchy. Patriarchy is not only a system but an ideology which controls women's mobility and powers. Due to the pressure of patriarchy, women are trapped in the dual domestic burden of the daily chores and duties. In most of the cases, women are not allowed to attend SHG meetings, trips and exhibitions. However, in some cases, women appeared in public places, in which men were also associated with them.

Last but not the least, caste and caste ethos also played a very crucial role in providing hindrances in the way of employment. However, a few women having very little support from the micro-credit in the form of small and tiny amount, started to invest in the familiar types of IGAs on a joint liability basis. As discussed in details above, it was found that women prepared food items like papad, pickels, sweets items and others, but due to the notion of purity and impurity based on caste ethos, the purchasing behaviour pattern of the local customers in the SHGs stalls and exhibitions varied. The study identified many examples related to this notion of the higher caste people towards the lower caste. In many villages of this region, SHG women belonged to the Scheduled Castes and are not allowed to cook food for village anganwadis and schools. Micro-credit is itself not sufficient amount in investing in any self employment generating activities, without considering the socio-cultural-economic context of the region.

References

1. Ahmed, Syed Masud et.al. (2001). Micro- credit and Emotional Well Being: Experience of Poor Women from Matlab, Bangladesh. *World Development Journal,* 29 (11).
2. Alba, Dennis, J., &Park, D. (2003). The Role of Group Based Lending and Micro-credit in Economic Development. *Savings and Development Journal,* 4 (XXVII): 377-97.
3. Article on Droughts. (2015, September 14). *Times of India*.
4. Article on Droughts. (2015, October 17). *Times of India*.
5. Article on Poverty. (2015, October 17). *Lokmat Newspaper.*
6. Article on SHGs. (2015, September 14). *Lokmat Newspaper*.
7. Bauman, E.(2003). Vulnerability and Micro-insurance: Reflection on Post-Adjustment Africa in Isabelle Guerin and Jen Michel Serret (ed). *Micro-Finance from Daily to Survival to Social Change*. French institute of Pondicherry.
8. Chavan Pallavi & Ramkumar, R. (2002). Microcredit and Rural Poverty. *Economic and Political Weekly,* 37 (10): 955-65.
9. Dasgupta, Rajaram.(2001). Working and Impact of Rural Self- Help Groups and other form of Micro financing: An Informal journey through self-help group. *Indian Journal of Agricultural Economics,* 56(3).
10. Elliot, C. (1987). Some Aspect of Relations the North and South in the NGOs practices. *Annual Review of Anthropology,* 26, 439-64.
11. Fowler, A. (1998). NGOs in Africa: Achieving Comparative Advantage in Relief and Micro-development. *IDS discussion paper,* 249.Sussex: IDS.
12. Ghate, Prabhu.(2006). Microfinance in India: A State of the Sector. CARE and Ford Foundation
13. Gibbs, Christopher, Claudia Fumo & Thomas Kuby. (1999). Non-Governmental Organizations in World bank supported projects: A Review. Washington, D.C: The World Bank.
14. Gosh, Biswajit. (2009). NGOs, Civil Society and Social Reconstruction in Contemporary India. London: Sage Publications.
15. Hashemi, Syed M.et al. (1996). Rural Credit Programmes and Women's Empowerment in Bangladesh. *World Development,* 24 (4).
16. Hulme, D., and Mosley, P. (1996). Finance Against Poverty, I and 2. London: Rutledge.
17. Kabeer, Naila.(2001). Conflict over credit: Re-Evaluating the Empowerment Potential of loans to women in Rural Bangladesh. *World Development,* 29(1),63-84.
18. Kaladhar, K. (1997). Microfinance in India: Design, Structure and Governance. *EPW,* 2687-2706.
19. Kumaran, K.P.(2001, April-June). Self- Help Group of the Rural Poor in India: An Analysis. *National Bank News Review,* 31-37.
20. Kumar, Lakshmi. (2013). Illusion of Women: Empowerment in Microfinance. *EPW,* XIVIII (15), 70-76.
21. Nathan, Dev. (2002). Responding to globalization; Women on the Lao-Thai Border. *IFAD Gender mainstreaming in Asia Project,* New Delhi.
22. Nanded District Survey report of Poverty. (1998).

23. Unpublished and published reports of the NGOs JCM, LVSS, VANSHREE and CSP etc. (2010).
24. Rajasekhar, D.(2000, January-June). Microfinance Programs and Women's Empowerment: A Study of Two NGOs in Kerala. *Journal of social and Economic development,* 13(1), 76-94.
25. Unpublished Report of MAVIM. (2010). Nanded
26. Village and Town Directory. (2001). Part XII A & B. Nanded District.

Occupational Patterns and Vulnerability among Muslim Communities

Case Study of Katihar District, Bihar

Mahima Taneja

Abstract

This paper is an attempt to understand financial exclusion and vulnerability of Muslim communities in the economy of Bihar through a case study of Katihar, a Muslim Concentration District. The paper argues that in the face of acute landlessness, unorganized labour and shift to self-employed activities, institutional support in the form of banking credit and micro-credit facilities can help in pulling the Muslim community out of the cycle of marginalization and poverty.

1. Introduction

Even after seven decades of independence, poverty continues to be a pertinent issue in India. Under the period of planned development, the state did not address the issue of poverty reduction directly through specific measure until late 1970s since it was assumed that a wide-ranging growth would translate into income poverty reduction without any specific additional measures. This was mainly because the country witnessed a spurt in food grain production between 1950 and 1965, with immense focus given to agricultural technologies, inputs and production oriented services. What's important to note is that even at the height of the planned model of development or the dirigiste strategy, the level of state intervention was considerably lower than the free enterprise economies of the West. While India spent only 17% of its GNP on central public expenditures, West European countries spent above 40% (Patnaik and Patnaik 2001).

However, poverty and inequality rose by 1960s, which was made worse by a food supply crisis. Consequently, there was a recognition of the limitation of the *trickle-*

down effect. Two principle causes of poverty were recognized - lack of assets and non-availability of employment (Balakrishnan 2004, 136) It was this recognition that later translated into programs such as Minimum Needs Programme and Wage Employment Programmes. By the fifth Five Year Plan (1975-80), poverty reduction emerged as a dominant concern in planning documents and emphasis was laid on the need to raise the share of the bottom 30% in total private consumption by stimulating economic growth processes. This was to be done through systematic policies of employment and income generation schemes in drought prone areas. Patnaik and Patnaik notes that this period saw a weak occupational shift away from agriculture (Ibid, 38). From sixth and seventh five-year plan onwards, the successive governments introduced various policies and plans aimed at reducing the percentage of people below poverty line through livelihood and employment generation schemes.

However, in spite of all these efforts, the socio-economic status of backward and marginalised communities has continued to remain sub-par. The Sachar Committee Report which was released in 2006 had identified a development deficit among Muslims and brought into focus the economic deprivation, social exclusion and political under-representation that they face. It had starkly pointed out that Muslims are even more disadvantaged than Dalits, with 43% of them living below poverty line, and often lacking any access to piped water supply, electricity and other basic infrastructural provisions. Studies have also found that compared to the Muslim majority areas, the areas inhabited by fewer Muslims had better roads, local bus-stops, *pucca* houses, sewage and drainage and water supply facilities. The literacy rate amongst Muslims was found to be below the national average, and so was their work participation rate in comparison to other socio-religious categories, specifically in rural areas, reflecting marginalisation and vulnerability. This was significantly accrued to lower participation rate of 14%amongst Muslim women in economic activity (Census 2001).

Recent reports have highlighted the fact that the socio-economic condition of Muslims in India have failed to improve despite the implementation of welfare schemes and multi-sectoral development programmes targeted at Muslims since the acceptance of the Justice Sachar Committee Report (Kundu Committee Report 2014). The status of Muslims in Uttar Pradesh, West Bengal and Bihar, in particular, has continued to remain abject with a large percentage of Muslim population being below poverty line as revealed by the Kundu Committee report.

This article aims to bring into focus the marginalised status of Muslim community in India through a study of a minority concentration district, Katihar, in Bihar,

and argues, that in order to challenge their marginalisation, a multi-pronged approach for livelihood generation that combines institutional credit, asset building, financial support and vocational and skill training is needed.

2. Study Background

Muslims are a sizeable minority in Bihar, with seven minority concentration districts – Araria, Bettiah, Darbhanga, Katihar, Kishanganj, Purniya and Sitamari. In Katihar, Muslims constitute 44.5% of the total population, majority of whom are either small and marginal farmers or engaged in daily labour and manual work. In five out of the 16 blocks in Katihar, Muslims constitute more than half of the population[1]. Katihar is characterised by high degree of landlessness and poverty and with low intensity of agriculture. Sex ratio and literacy rates in Katihar are lower than the state and national averages, and a large number of villages lack electricity facilities and access to health centre and post office.It is interesting to note here that even though 91% of population of Katihar lives in rural areas, and over 60% of the district's population is engaged in agriculture (self-employed or casual labour), yet only 16% of income is accrued from agricultural activities[2], indicating that impulse to shift out of agricultural activities would be stronger if there were productive alternative employment and income generation opportunities.

Within the Muslim community in Katihar, there is segregation along lines of caste, class and language. Surjapuri speaking Surjapuri Muslims constitute 50% of the Muslim population, Bangali speaking Shershahbadi Muslims constitute 30% of the Muslim population, followed by Urdu-Hindi speaking Bihari Muslims, constituting 20% of the Muslim population[3].

The occupational and migration patterns in Katihar have fast been changing, and it will be worthwhile to study their current occupational and income patterns, problems they face and type of support they need before planning an effective and evidence-based intervention program in the area.

---

[1] Ashok Pankaj, 2008. A Baseline Survey of Minority Concentration Districts in India: Katihar. New Delhi: Ministry of Minority Affairs and Indian Council of Social Science Research.

[2] Ibid

[3] 2012. An Assessment Of Occupational Pattern Among Muslim community in Katihar District. Patna: Sahulat Microfinance Society.

A survey was undertaken in the Katihar district in 2012 by Sahulat Micro-finance Society to explore the socio-economic condition of the Muslim community in Katihar, and assess the occupational, migration and cultivation patterns amongst Muslims to gauge existing and potential opportunities for income generation and sustenance living among them. The study was conducted in three blocks which were selected on the basis ofadequate presence of three different sub-linguistic groups of Muslims residing in the district and differences in cultivation systems. Preferring Muslim population, seven villages were approached from each block, and a total of 451 households were interviewed using random sampling. This multi-stage sampling ensured a representative sample. The study report provides incisive data on the status of occupational patterns, migration, poverty and income of the Muslim community in Katihar district and serves as a microcosm to closely understand the patterns of marginalisation among the Muslim community in Bihar.

This article will discuss the socio-economic and educational profile of Muslims in Katihar that emerged in the study, and will then explore their occupational patterns comparing farm and non-farm employment opportunities. The article will also throw light on the level of indebtedness and financial exclusion among the Muslim community, and underline the need to take concrete steps to tackle this.

3. Socio-economic and Educational Profile of Muslims in Katihar

The overall economic condition of the Muslim community in Bihar in general and in Katihar in particular is very poor, with 52% of the surveyed households living below poverty line in Katihar district. The survey found that average annual household income was Rs. 59,180. Further, while most of the respondents had homestead rights, only 32% had *pucca* or semi-pucca houses, and the rest lived in kutcha or thatched houses. This trend was stronger in Kadwa and Barari blocks with higher percentage of population staying in thatched or kutcha houses, while in Katihar block, maximum percentage of population lived in semi-pucca houses.Katihar block also fared better in terms of infrastructural provisions in comparison to other two blocks. For example, while in Katihar, 77% of surveyed households had access to a toilet facility, in Barari and Kadwa, merely 27% and 13% had any access to toilet facility respectively. Further, in Katihar district, only 14% of households had electricity connection, and almost half of the families reported about the absence of health facility in or near the village.

The rural literacy rate of Katihar at 31%, is below the state average of 44%. Therefore it comes as no surprise that almost half of the respondents surveyed during this study were not literate. While in Barari and Kadwa blocks, education levels stagnate at the primary, and at most, middle school level, in Katihar block, 25% of the respondents completed matriculation or above. This can perhaps be explained by the fact that the urban population of Katihar district is concentrated in Katihar block, and it is the administrative centre, and consequently, the avenues for completing education are better. This insight also suggests that Barari and Kadwa needs a stronger intervention in terms of ensuring retention of students after the primary level. This is in line with several recent studies which suggest that while the overall enrolment ratio of Muslims has improved in the last decade, high drop-out rates have persisted after the primary and upper-primary levels. The study further suggests that in all three blocks, higher percentage of females are illiterate as compared to males.

4. Occupational Structure and Trends in Katihar

Several reports including Sachar Committee Report (2006) and Kundu Committee Report (2015) have stated that participation of Muslims in salaried jobs in both public and private sector is low, much like scheduled castes and scheduled tribes, and so is their participation in agricultural sector. Self-employment activities and casual labour in traditional manufacturing and trade industry (especially wearing apparel, auto-repair and electrical machinery) as well as in the informal sector has instead been relatively higher amongst the Muslim community as compared to other socio-religious categories.

In terms of income, while at the overall district level merely 16% of income is derived from agriculture, the study reveals that almost 40% of Muslim population in Katihar derives its income from low wage agricultural labour; 24.5% of income is derived from out-migrant remittances and 19% from other self-employed activities. In terms of primary occupation, 45.5% of surveyed households are engaged in manual work or daily labour, 15% in farming or cultivation (which refers to self-employed cultivators) and 17% are self-employed.

It is important to break down each of these employment categories further to better understand the occupational environment of the Muslim community in Katihar.

5. Agriculture and Landlessness

The main source of employment in Bihar is agriculture with 67% of workers employed in it. However, figures in the study under discussion indicate that 26%, or in actual numbers 118 of the surveyed households cultivated land in the last cropping season either on their own land or someone else's. Between these 118 households, the total cultivated land was 316 acres. 92% of these surveyed farmers produced paddy, and the rest produced wheat, maize, sugarcane, banana and jute. Further, while in Katihar block, only 10% of Muslim households are engaged as cultivators, this number is higher in Barari at 25% and Kadwa at 13%. The study also discovered that the agricultural produce was profitable, with the harvest quantity ranging from 'good' to 'bumper'. Surplus grains were sold either to the local trader or in the formal market and over 90% of farmers reported reaping a profit.

While resources necessary to support agricultural activities are available in Katihar in the form of irrigation facility (canals, boring and water pumps), tractors and local transport facilities to access markets, there are two major roadblocks that prevent agriculture from emerging as the most productive employment avenue in Katihar – one is landlessness and the other is non-availability of electricity connection.

Let's take the case of Noor Alam here, a landless labourer who lives in Janedhar village of Barari block in Katihar district with his wife and eight children. He longs to become a farmer, but he cannot purchase land on account of lack of funds, and nor is he getting a loan at low rate of interest which would enable him to adopt share cropping. Like Noor Alam, 77% of the surveyed households in Katihar do not own agricultural land[4]. When disaggregated block-wise, this figure is even higher in Katihar block.

What's striking is that among the total households who possess agricultural land, only 3% have 6 and more acres of land, while in Barari block no one has more than 4 acres of land. In fact, over 70% of land holdings amongst those surveyed is less than 2 acres, and this trend is uniform across the three blocks. This finding is in line with earlier reports which suggest that average size of landholding in Bihar is 2.32 acres, while for Muslim households it is 1.91 acres[5]. According to the Baseline Survey Report of Minority Concentration Districts by ICCSR (2008),

[4] 2012. *An Assessment Of Occupational Pattern Among Muslim community in Katihar District*. Patna: Sahulat Microfinance Society.

[5] Prabhat Ghosh, 2004. *Socio-Economic and Educational Status of Muslims in Bihar.* Bihar: Asian Development Research Institute.

while landlessness in rural Bihar is at a high level for both Hindus and Muslims, it is significantly severe amongst SCs/STs at 80% and amongst Muslim OBCs at 66%. Landlessness amongst Hindu-General at 40% is much lesser than that amongst Muslims at large at 61%[6]. Such small and marginal landholdings imply that households have to lease out their land for cultivation with larger land holdings for better productivity. The ICCSR Baseline Report further suggests that in the face of landlessness, while Hindus tend to rely on agricultural labour, landless Muslims turn to non-agricultural avenues of employment (ibid).

Inspite of small landholdings, a relatively small but significant number of Muslim households reported being engaged in agricultural activities in Katihar as indicated above. This suggests two implications – the profitability of agriculture is good and support should be given for the same to landless farmers, and that alternative employment opportunities should be created for people to depend on[7].

6. Non-farm Employment

Scholars like Amrita Dutta (2016) have underlined the fact that agriculture is not the main source of income in Bihar. Non-agricultural income through self-employment, salary and daily labour is found to be largest source in terms of income generation, which indicates the importance of the non-farm sector in the economy of Bihar even in the absence of a strong industrial base (Dutta 2016). According to Dutta, most of the non-farm work is in the tertiary sector, and the nature of work is mobile and perennial. Along similar lines, the report by Asian Development Research Institute (2004) also stated that a quarter of Muslim households in both rural and urban Bihar depend on the less-remunerative self-employment activities such as retail trade, tailoring, machine repairs, rickshaw pulling and bidi making in the absence of strong manufacturing base and limited salaried employment opportunities (ibid). Given the high number of people engaged in self-employed activities and informal sector, Sachar Committee Report (2006, 252) had specifically recommended that introduction of social security system for informal sector should be expedited to benefit a large section of Muslim population as well.

[6] Narasimha Reddy, 2008. B*aseline Survey of Minority Concentration Districts: An Overview of the Findings.* New Delhi: Indian Council for Social Science Research.
[7] The latter has been suggested by ICCSR Baseline Report as well (2008).

In the case of Katihar, as the table below indicates, almost half of surveyed households are engaged in manual work and daily labour. This includes both farm and non-farm labour, which has not been disaggregated in this study. The table also indicates that hardly any household is engaged in government services or formal salaried jobs in the organized sector, resonating with the general trend observed in Minority Concentration Districts of Bihar. Animal husbandry is also not a primary occupation amongst those surveyed and is used to supplement income in some case. Sixteen percent of the surveyed households are self-employed, with this percentage being higher in Katihar block. Further, 6% of surveyed households reported that they have changed their occupation in the recent past and moved to activities like bag repairing and bicycle repairing.

Table 1: Block wise Current Primary Occupation of Households

Occupation (%)	Barari	Katihar	Kadwa	District
Cultivator	24.8	10.0	12.8	69
Manual work/daily labor	43.6	32.4	62.2	205
Govt. Service regular	0.8	0.6		2
Services in private sector organized	-	3.5	1.4	8
Service in private sector unorganized	8.3	7.1	6.8	33
Animal husbandry	2.3	-	-	3
Salaried		7.6	0.7	14
Self employed	9.0	28.2	10.1	75
Business	10.5	10.0	2.0	34
Others	0.8	0.6	4.1	8
Total	133	170	148	451

Further, the study also revealed that very few surveyed households are engaged in artisan based activities, even in regions like Barari where the Sheshabadi community is known for the hard work and innovation of the artisan community. This is in tandem with earlier studies conducted by ICCSR which similarly indicate that artisan based activities among the Muslim community has declined to 2%in recent years because of the competitive market economy and low remuneration as a result of which many artisan households have turned to landless agricultural labour households[8].

[8] Narasimha Reddy, 2008. *Baseline Survey of Minority Concentration Districts: An Overview of*

The study under review also went a step ahead in order to gauge the present level of traditional as well as emergent skills within the Muslim community and found that a significant section of the surveyed population possesses skills like tailoring, electronic repairs and masonry. The study also found that a number of households possess assets like sewing machine (8%) which is an interesting finding. This indicates that with adequate support in terms of resources (both financial and material) and training, household incomes can be supplemented through such skills. It has been widely recognized that education and skills have a direct correlation with income generation.

7. Migration

Other than cultivation, manual labour and self-employment, a large source of income in Bihar's economy is through remittances from migrants, so much so that it is often called a remittance economy (IIPA 2010) due to high outmigration of villagers for work. Several studies indicate that the level of migration is higher among Muslim households as compared to other socio-religious categories[9]. According to the survey in Katihar, a quarter of families reported having at least one family member who had migrated in the last year to work either as daily labourer or as unorganised labour in the private sector.

8. Indebtedness and Banking

As discussed in the preceding section, given the occupational structure in Katihar with wage labour, self-employment and out migration being important sources of income generation, alongside cultivation even in the face of landlessness; positive steps such as support to buy land and non-land assets, vocational training, and financial support to boost entrepreneurial activities can go a long way to ensure income security to Muslim households. However, the penetration and availability of formal credit system and banking services in Katihar is extremely poor. As per the present study, 68% of the households do not have an account

the Findings. New Delhi: Indian Council for Social Science Research.

[9] Narasimha Reddy, 2008. *Baseline Survey of Minority Concentration Districts: An Overview of the Findings.* New Delhi: Indian Council for Social Science Research.

- neither in Bank, nor in a Post Office and this figure is higher in Kadwa. Yet, a sizeable number i.e. 29% of households reported that they are indebted due to poor income levels. In the absence of a formal credit system, out of the 132 households that reported having taken a loan, 75% had taken it from private credit market, moneylenders or friends/relatives, which further underlines their precarity and vulnerability since borrowing from informal market implies high rate of interest and a vicious cycle of perpetual indebtedness.

Let's take the case of Mubarak Hussain of Bada Tengriya, Barari to explicate this. Father of eight children, Mubarak is a Cattle Dealer through which he earns Rs. 8000 a month. He had borrowed Rs. 60,000 from money lenders for his business at 9% rate of interest, which is to be paid on a weekly basis, even if he has not sold any cattle or sold it at a loss. This he does either by skipping two square meals or by taking smaller loans from other sources, in turn perpetuating a cycle of indebtedness. Added to this is the fact that his wife remains ill, due to which he incurs significant medical bills, especially because he has not received any benefits under the National Health Insurance Scheme. In fact, in spite of the acute poverty in Katihar, where the average income of three-quarter of households is less than Rs. 60,000 per annum, and where a huge chunk of expenditure is incurred on medical bills, the reach and awareness of most social security and welfare schemes is abominable.

Merely 27% of the surveyed households are registered under the Rashtriya Swasthya Beema Yojna, out of which only 5 families have received some kind of benefit through the Smart Card. Further, only 10% of households have a job card under MNREGA. Out of those who have a job card, almost 70% have not been assigned any work for a single day, nor have they received any wages. Merely 14 households reported actually getting any work and wages under the program. The reach of some programs like Indira Awas Yojna (IAY), Janani Suraksha Yojna (JSY) and Integrated Child Development Scheme (ICDS) is slightly better with 23% of households reporting having received support in the form of financial assistance for building a new construction under IAY, 11% families reported having received benefit under JSY and 34% of surveyed households reported availing benefits through Anganwadis. However, report cards of other schemes like Antyodaya under PDS and Flood Relief are again much below average. Further, 47% of the families in Katihar district reported that they do not have access to a health centre or a hospital, indicating that the level of infrastructural services in minority concentration districts is also less than satisfactory.

The Sachar Committee Report (2006) had also reported that the access of Muslims to banking facilities as well as bank credit is low and inadequate in comparison to other Socio-Religious Categories (SRCs). In fact, some banks have identified a number of Muslim areas as 'negative geographical zones' where bank credit and other facilitates are not easily provided. Further analysis of the Census of India 2001 results have also indicated that banking facilities are inversely correlated to the proportion of the Muslim population in a village/locality, which has an implication for all SRCs residing in such areas. The ICCSR Baseline study report of MCDs for example finds that across the minority concentration districts in Bihar, the share of institutional sources in the credit provided is abysmally low for both Hindus and Muslims[10]. This is made worse by the fact that there is severe indebtedness in rural Bihar, a trend which is observed in Katihar as well. According to the Report by Asian Development Research Institute (2004), most of these loans are consumption loans. One can perhaps conclusively argue that this is due to extreme poverty, lack of banking and formal saving facilities and poor reach of welfare schemes, especially related to health care.

9. Way Forward

The study thus suggests that there is an all-round backwardness among Muslim communities in Katihar across all sub-linguistic groups with low income levels, landlessness, illiteracy and indebtedness. Further, as is indicated by other recent reports as well, Muslims are majorly engaged in unorganised labour and self-employment activities, which increases their vulnerability.

In light of this, Sachar Committee Report (2006, 249) had recommended steps for increasing direct credit facilities for Muslims by incentivising banks to open branches in Muslim concentration areas, increasing awareness about credit and savings schemes and developing entrepreneurial programs and avenues. It further recommended extending micro-credit facilities to vulnerable sections, especially to women and giving a push to self-help groups. It also urged Small Industries Development Bank of India (SIDBI) and NABARD to set aside funds and develop programs to train and support marginalised minorities in entrepreneurial development, improve the skills of artisans and equip them with modern skills. Yet, inspite of these decade-old recommendations, the financial exclusion of

[10] Ibid

Muslims and vulnerable occupational base continues to hamper their socio-economic progress.

Learnings from the study on Katihar district under review suggests that access to banking services, credit market and a boost to skilled labour as well as corresponding support for entrepreneurial activities can promote income generation without further marginalisation. The respondents have indicated desire to receive support in the form of training on electronic item repairing, loans from banks, financial support for opening businesses ranging from tailoring and embroidery to animal husbandry, provision of seeds and fertiliser at subsidised rates etc. These recommendations should be reviewed and considered in tandem with recommendations from High level committee reports which suggest linking of credit facilities at micro level with employment generation programs for Muslims.

References

1. 2012. *An Assessment Of Occupational Pattern Among Muslim community in Katihar District.* Patna: Sahulat Microfinance Society.
2. Balakrishnan, Rajiv. 2004. "Poverty, Rural & Urban at the Turn of the century." In *Urban Poverty in India: Issues and Policies,* edited by Sabir Ali and MD Asthana, 127-147. Uppal Pub. House.
3. Datta, Amrita. 2016. "Migration, Remittances and Changing Sources of Income in Rural Bihar (1999–2011)." *Economic & Political Weekly vol LI no 31* 85-93.
4. 2011. *District Census Handbook: Katihar (Series 11 Part XII-B)*. Bihar: Directorate of Census Operations.
5. Ghosh, Prabhat. 2004. *Socio-Economic and Educational Status of Muslims in Bihar.* Bihar: Asian Development Research Institute.
6. Pankaj, Ashok. 2008. *A Baseline Survey of Minority Concentration Districts in India: Katihar.* New Delhi: Ministry of Minority Affairs and Indian Council of Social Science Research.
7. Patnaik, Utsa, and Prabhat Patnaik. 2001. "The State, Poverty and Development in India." In *Democratic Governance in India: Challenges of Poverty, Development and Identity,* by Sudha Pai and Niraja Gopal Jayal, 32-65. Sage Publication.
8. Reddy, D. Narasimha. 2008. *Baseline Survey of Minority Concentration Districts: An Overview of the Findings.* New Delhi: Indian Council for Social Science Research.
9. Rodgers, Gerry, and Janine Rodgers. 2011. "Inclusive Development? Migration, Governance and Social Change in Rural Bihar." *Economic & Political Weekly Vol XLVI* no 23 43-50.
10. Sachar, Rajindar. 2006. *Socio-Economic and Educational Status of Muslim Community of India*. Prime Minister's High Level Committee, MHRD, Government of India.
11. n.d. "Summary of Sachar Committee Report." *PRS India.* Accessed March 15, 2017. http://www.prsindia.org/administrator/uploads/general/1242304423~~Summary%20of%20Sachar%20Committee%20Report.pdf.

Regd. No. : DELENG/2012/43962

SAHULAT

A Journal of Interest Free Microfinance

International Board of Advisors

Editor
Shariq Nisar

Assistant Editor
Mridu Kamal

Sahulat Microfinance Society
Regd. Office: E-89, Darussalam Building, Flat No- 403, Near Hari Kothi, Alshifa Hospital Road, Abul Fazal Enclave Part-1, Jamia Nagar, Okhla, New Delhi-110025 (India)

₹ 150/-