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"Procedure and Products offered by Microfinance Supporting Institutes offering benefits to Women"

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Abstract: ***Microfinance through microfinance institutions is a very effective tool for the upliftment of the poor, in general and empowerment of women in particular. Advancing microfinance to the rural women through Self-Help Groups at reasonable terms and conditions made it possible for the rural poor as well as rural women to attain economic independence, social status and organizational skills which resultantly helping the women and poor function actively in the overall development of the society/nation. Microfinance supporting institutions have also emerged as a commendable tool for the generation of self-employment and hence to prevent the society from doing evils like drug addiction. Therefore, microfinance has acquired utmost importance particularly in the developing economy like India.***
Keywords: Self Help Groups, Empowerment, Microfinance Institute

I. INTRODUCTION

Microfinance, as the term define small finance which acts like a catalyst to such section of society which is highly unorganized, With the help of microfinance, unbanked women are able to mobilise their saving for credit to the peer group members and for self employment. Groups are generally formed with the members of their own choice having common interest to fight with poverty and to carry out some income generating activities. Across the globe and in India, the microcredit revolutions for the past few decades have proved that it is possible to deliver financial services to the poor women at a large scale. As a result, millions of household women today have access to services to manage household finance more efficiently. The 10^{th} five year plan (2002-2007) had a main focus on capacity building, communication technology transfer, human resource development, women empowerment, education, micro credit and self help groups etc.

Microfinance institution dealing with such financial services to the poor who help them not overcome poverty but also helps them to upgrade their skills. Microfinance institutions keep a check on the loan taken by women and its utility. Assumes that increasing women's access to microfinance services will lead to individual economic empowerment, well-being and social and political empowerment. It provides little opportunity for client participation, group self-management or autonomy. The 'Poverty alleviation paradigm' has its rationale for targeting women, because of higher levels of female poverty and women's responsibility for household well-being. The 'feminist empowerment paradigm' is based on a mutual or self-help approach pioneered in India in the early 1980s and argues that the very process of taking decisions within the group is an empowering process and so can lead to broader development outcomes, such as the greater participation of women in local government processes, and so on. In general, we can say, that is related to the participation of people in different community and political institutions, decision-making power and mobility, access to safe drinking water and sanitation coverage. The other factors which result as the increase in social empowerment are increase in contraceptive prevalence rate and access to public and common property resources, and decrease in child and maternal mortality. It is rooted in the development of some of the earliest microfinance programmes in the South; particularly Self employed Women Association (SEWA) and WWF in India. It emphasises high levels of group ownership, control and management.

A. Review of Approaches Based on Models of Microfinance and Microfinance supporting Institutes

An association is formed by the poor in their community to offer microfinance services to them. The associations which can form on the basis of gender religion or political cultural orientation of its members then gather capital and intermediates between banks, MFI, and its member. Self help group under SHG bank linkage program has been recognized as one of the most successful microfinance models to meet the promise to financial inclusion in India.

Puhazhendi and Satyasai (2002), in the study titled, "Micro-finance for Rural People: An Impact Evaluation", observed significant improvements in the savings of SHG members during post SHG situations. The programme also improves the borrowing pattern of SHG member households in terms of strengthening credit widening and credit deepening with SHG bank linkage model. Bekaert *et*

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al. (2005), in their study titled, "Does Financial Liberalization spur growth?" examined a positive impact of equity market liberalization on real economic growth. Further, they also observed the positive impact of capital account liberalization and quality of financial institutions i.e. NGO on economic growth. Sharma (2007), in the study, "Index of Financial Inclusion" through cross country empirical study examined a close relationship between financial inclusion and development. Further, the study found a positive relation between financial inclusion and different socio-economic variables like income, inequality, literacy, physical infrastructures. Sahoo *et al.* (2008), in the study, "Financial Inclusion-An Overview" had attempted to develop index of financial inclusion to examine the progress of financial inclusion and various determinants of financial inclusion using secondary data from various sources. In their study, they observed a MFI's services positive impact on infrastructure development, education; self help group formation on financial inclusion both from financial widening and deepening perspectives.

Review of literature provides us with a structured observation guide, including the factors of compliance in groups. Different cases of group lending in different cultures are analyzed. These include, in chronological order, traditional self-help associations based on rotating savings and credit (ROSCA); solidarity group lending schemes without legal joint liability. The present study is conducted to fill the gap between microfinance supporting institutes policies, procedures and products can contribute to women beneficiaries.

The studies simply demonstrate that microfinance is playing a vital role in extending financial help to the rural poor women. The functioning of SHGs is based on participatory mechanism and therefore the impact of SHGs on its members in terms of empowerment, accessibility to credit, socio-economic change, political participation need to be evaluated. Though there are a number of studies which are related to functioning and micro-finance, only a few studies have been taken so far to assess the impact of Women Self Help Groups working on the socioeconomic and political empowerment. But no worthwhile research has been conducted in Punjab to study the microfinance impact evaluation.

II. RESEARCH METHODOLOGY

Punjab state is divided into the three agro-climatic zones as under:

1) *Sub-Mountainous Zone:* This zone includes Hoshiarpur, Ropar, Nawan Shehar and Mohali (Zone-I).
2) *Central Plain Zone:* This zone includes Amritsar, Gurdaspur (except Pathankot), Jalandhar, Kapurthala, Ludhiana, Patiala, Fatehgarh Sahib, Taran Taran, Moga and Sangrur (Zone-II).
3) *South-Western Zone:* This zone includes Bathinda, Mansa, Faridkot, Mukatsar, Ferozpur, Abohar and Barnala (Zone-III).

The selected SHGs came to 19, 42, 17 from Zone-I, Zone-II and Zone-III respectively about 50 microfinance supporting were selected for the study and one representative of each selected. Microfinance supporting institutions were taken for the purpose to examine their perception about the policies, procedures and products offered to the women beneficiaries. The list of selected microfinance supporting institution is given as under:

S.no	Name of the Institutions	Location
1	State Bank of Patiala	Patiala, Hoshiarpur, Ropar
2	SKS	Ludhiana, Patiala, Sangrur and Sanour
3	Child Development Program Officer	Sangrur, Hoshiarpur and Patiala, Bathinda
4	CDPO	Sangrur, Hoshiarpur,Patiala, Bathinda, Jalandhar
5	Don Bosco	Rajpura Patiala.
6	Punjab & Sind Bank	Hoshiarpur , Patiala, Bathinda,Jalandhar
7	State Bank Of India	Ludhiana, Patiala, Fatehgarh Sahib and Sangrur
8	Malwa Gramin Bank	Bhankher Patiala
9	Cooperative Bank	Hoshiarpur , Patiala, Bathinda and Jalandhar
10	Oriental Bank of Commerece	Hoshiarpur , Patiala, Bathinda and Jalandhar
11	Dena bank	Patiala, Ludhiana and Bathinda
12	Allahabad Bank	Patiala, Bathinda and Ludhiana

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Statistical Framework Both simple as well as advance statistical techniques were used to analyze the data. Simple tools like averages, frequencies, percentages, etc. were used while advance techniques like chi-square test, ANOVA, t-test, regression analysis and Z-test were applied to analyze the data.

Microfinance supporting institutions are also called MFIs. The policies, procedures and products offered by MFIs to the women beneficiaries have been discussed in this chapter. There are several legal forms of MFIs. Services of MFIs are defined as assistance to individual or an eligible client either directly or through a group. They can be categorized as NGOs, Commercial banks and private banks dealing with Micro finance and Self Help Groups.

A survey of 50 microfinance supporting institutions like NGOs, private banks commercially facilitating microfinance, Government banks following different schemes for self help groups, progressive youth forum working for microfinance, Additional Deputy Commissioner-Development and Child Development Program Offices working in the rural were conducted to know the policies and procedures they follow.

III. PROCEDURE OF MICROFINANCE SUPPORTING INSTITUTIONS

A. Financial Management Procedure

A perusal of Table 1.1 showed that there were two methods of collection of saving made by the members, which included deposited by members in group meeting on fixed date and collected by representative from members individually outside meeting. Both the methods were adopted by the organization. As many as 76.00 percent of the total organizations used to collect savings through depositing by members in group meetings on fixed date while 62 percent of organizations also used the method of collection saving by representatives from members individually outside the meeting.

The procedures followed for keeping group deposit money were identified as deposited in the bank account, distribution as loan among the group members, remains with group representatives or by keeping in the cash box of the group. The highest proportion, i.e. 42.00 percent of the organizations distributed the money as loan to the members, followed by 38.00 percent where money remained with the group representatives and 22.00 percent used to deposit the money in bank account. The lowest proportion i.e. 18.00 percent of the organizations used to keep the money in cash box of the group.

Table 1.1 Procedure Followed for Financial Management

Methods of Financial Management	No.	%age
Saving Collection		
Money deposited by members in group meeting on fixed date	38	76.00
Collected by representatives from members individually outside meeting	31	62.00
Keeping Group Money		
Deposit In the bank account	11	22.00
Distributed As a loan among the members	21	42.00
Remains with Group representatives	19	38.00
Kept in the cash box of the group	9	18.00
Operating Bank Account		
President, Treasurer & secretary	5	10.00
President & Treasurer	4	8.00
President & secretary	50	100.00
Secretary & Cashier	4	8.00
Any two of above four	4	8.00
Visits to Bank for Operations		
Once a Month	0	0.00
More than once a month	50	100.00
Occasionally	0	0.00
As and when required Credit rotation	0	0.00

The organizations were asked about the person(s) who operated the bank account on behalf of group. There were multiple responses. The bank account of all the organizations was being operated jointly by president and treasurer. Some other combinations were also there, which were adopted by the organizations to operate the bank account of the group. As much as 10.00 of the organizations operated their accounts jointly by president, treasurer and secretary, while 8 percent each of them used to operate their

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bank account jointly by president & secretary, any two of president, treasurer & secretary and other combinations. The representatives of all the 50 organisations used to visit the bank for deposit and withdrawl purposes more than once a month.

B. Main Purpose of saving

The respondents were asked to express the extent of their opinion about purposes of saving in terms of 'Majority', 'Some' and 'None'. The attributes were given score in the order of 2, 1 and 0. The results are shown in Table 1.2. The highest average score came to be 1.84 in case of agriculture as a purpose of saving, followed by 1.82 in case of food security. This indicated that majority of the members were of the opinion that savings were made for agricultural activities and food security.

Table 1.2 Main Purposes of Saving as Perceived by the Respondents

Main Purposes	Majority		Some		None		Mean
	No.	%age	No.	%age	No.	%age	
Social Security	8	16.00	10	20.00	32	64.00	0.52
Food security	41	82.00	9	18.00	0	0.00	1.82
Education	0	0.00	12	24.00	38	76.00	0.24
Medical	6	12.00	12	24.00	32	64.00	0.48
Marriage/Festival	0	0.00	14	28.00	36	72.00	0.28
Emergencies	0	0.00	11	22.00	39	78.00	0.22
Agriculture	42	84.00	8	16.00	0	0.00	1.84
Asset Building	0	0.00	16	32.00	34	68.00	0.32
Self Respect	4	8.00	46	92.00	0	0.00	1.08
IGA	0	0.00	0	0.00	50	100.00	0.00
						F-ratio	5.13**

The average score on two purposes was found to be nearer to one. This revealed that some of the members were of the opinion that savings were made for social security and self-respect. The average score of all other purposes of saving was nearer to zero. This showed that none of the members was of the view that savings were made for education, medical aid, marriage/festivals, emergencies, assets building and IGA.

Therefore, there was the strong opinion of members that savings were made for agriculture and food security. There was a very weak opinion in favour that savings were made for social security, education, medical, social ceremonies, emergencies and IGA. This revealed that the SHGs have yet to fulfill the basic need of food through farming. The SHGs have to go a long way to fulfill the social needs also.

C. Methods of Utilisation of Earned Money

The microfinance supporting institutions representatives were asked about the utilization of money generated in a group through interest, fine or from any other sources. Results are as under

Table 1.3 Methods of Utilisation of Money Generated through Interest, Fine and Other Sources
*Multiple Responses

Methods of Utilisation	No.	%age
Added to group Capital	50	100.00
Utilised for group activities	1	2.00
Shared as dividend among members	0	0.00
Others	0	0.00

It is clear from Table 1.3 that all the 50 organisations utilized the money earned through interest, fine and other sources by adding up to the group capital. There were only 2 percent of them where money earned was utilized for group activities also. None of the organizations reported that the earned money was shared as dividend among members.

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IV. PRODUCTS OFFERED BY MICROFINANCE SUPPORTING INSTITUTES

MFIs not only offer the products like saving and loan facility to group members but offer basic services also. A survey has highlighted counseling services along with basic services.

A. Microfinance supporting Institutes offers Access to Basic Services

The respondents were asked to express the extent of availability of basic services to the members in terms of 'Majority', 'Some' and 'Never'. The attributes were given score in the order of 2, 1 and 0. The results are shown in Table 1.4

Table 1.4 Access to Basic Services to Group Members

Areas of Services	Majority		Some		None		Mean
	No.	%age	No.	%age	No.	%age	
Maternity Services	5	10.00	45	90.00	0	0.00	1.10
Immunization of Child	46	92.00	4	8.00	0	0.00	1.92
Immunization of Mother	7	14.00	43	86.00	0	0.00	1.14
Children going to School	39	78.00	6	12.00	5	10.00	1.68
Access to PDS	9	18.00	41	82.00	0	0.00	1.18
Sanitation facility	4	8.00	46	92.00	0	0.00	1.08
Safe Drinking Water	10	20.00	40	80.00	0	0.00	1.20
Family Planning	42	84.00	8	16.00	0	0.00	1.84
Pension Scheme	0	0.00	46	92.00	4	8.00	0.92
AIDS	4	8.00	26	52.00	21	42.00	0.68
						F-ratio	7.75**

The highest average score of awareness came to be 1.92 in case of immunization of child, followed by 1.84 in case of family planning and 1.68 in case of children going to school. This indicated that majority of the members were availing the facility of family planning methods and child school education.

The average score on all other processes and activities was found to be nearer to one. This revealed that some of the members were availing the facilities maternity services, immunization of mothers, access to PAD, sanitation facility, safe drinking water, pension scheme and AIDS awareness.

Therefore, the availability of basic services to the members was considerably to a satisfactory extent, but there is still a broad scope of further increasing the availability and access to the basic services.

V. IMPACT OF MICROFINANCE SUPPORTING INSTITITUTIONS ON THE WOMEN BENEFICIARIES

A. Impact on Decision-Making of Beneficiaries

The respondents were asked to register their opinions about the decision making role in family affairs by different family members. They were asked whether there was any shift from male domination to female decision making capacities or not. Their opinions have been presented in Table1.5

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Table 1.5 Impact of SHG Membership on Decision Making Power in the Family Affairs

Family affairs	Before Group Formation			After Group Formation			Z-test (Before vs After)		
	Male	Female	Joint	Male	Female	Joint	Male	Female	Joint
Marriage of girls	38	8	4	27	17	6	2.31*	2.08*	0.67
%age	76.00	16.00	8.00	54.00	34.00	12.00			
Marriage of boys	39	9	2	29	18	3	2.14*	2.03*	0.46
%age	78.00	18.00	4.00	58.00	36.00	6.00			
Education of Children	41	7	2	31	16	3	2.23*	2.14*	0.46
%age	82.00	14.00	4.00	62.00	32.00	6.00			
Loan arrangement	50	0	0	40	10	0	3.33**	3.33**	0
%age	100.00	0.00	0.00	80.00	20.00	0.00			
Purchasing	32	12	6	21	19	10	2.20*	1.51	1.09
%age	64.00	24.00	12.00	42.00	38.00	20.00			
Saving	33	10	7	23	16	11	2.02*	1.37	1.04
%age	66.00	20.00	14.00	46.00	32.00	22.00			
Expenditure on festival	47	0	7	32	8	10	3.68**	2.95**	0.80
%age	94.00	0.00	14.00	64.00	16.00	20.00			
Participation in meeting	39	4	7	28	11	11	2.34*	1.96*	1.04
%age	78.00	8.00	14.00	56.00	22.00	22.00			
Interaction with outsider	42	2	6	33	8	9	2.08*	2.00*	0.84
%age	84.00	4.00	12.00	66.00	16.00	18.00			
Asset building	40	5	5	30	13	7	2.18*	2.08*	0.62
%age	80.00	10.00	10.00	60.00	26.00	14.00			
IGAs	50	0	0	42	8	0	2.95**	2.95**	0
%age	100.00	0.00	0.00	84.00	16.00	0.00			
Income from SHGs initiated IGAs	34	10	6	22	19	9	2.42*	1.98*	0.84
%age	68.00	20.00	12.00	44.00	38.00	18.00			

In case of marriage of girls, there were 76.00 percent males who dominated in the decision making before the formation of the SHG but after formation of the group it reduced to 54.00 percent. On the other hand, the proportion of females increased from 16.00 percent before formation of the group to 34.00 percent after the formation of the group. The shifts from males to females were found to be significant as indicated by the calculated Z-values i.e. 2.31 in case of males and 2.08 in case of females. The joint decision making though increased from 8.00 percent to 12.00 percent but the increase was insignificant.

As much as in 78.00 percent of families, males dominated the decision making regarding marriage of boys before the formation of the group which declined to 58.00 percent after the formation of the group. The decline was significant (Z = 2.14). There was a significant increase in the proportion of families where females dominated the decision making regarding the marriages of boys. It increased significantly from 18.00 percent to 36.00 percent as indicated by the Z-value of 2.14. The joint decision making power remained the same.

In case of education of children, there were 82.000 percent males who dominated in the decision making before the formation of the SHG but after formation of the group it reduced to 62.00 percent. On the other hand, the proportion of females increased from 14.00 percent before formation of the group to 32.00 percent after the formation of the group. The shifts from males to females were found

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to be significant as indicated by the calculated Z-values i.e. 2.23 in case of males and 2.14 in case of females. The joint decision making though increased from 4.00 percent to 6.00 percent but the increase was insignificant.

In all the 100 percent families, males dominated the decision making regarding arrangement of loan before the formation of the group which declined to 80.00 percent after the formation of the group. The decline was significant (Z = 3.33). There was a significant increase in the proportion of families where females dominated the decision making regarding the arrangement of loan. It increased significantly from zero percent to 20.00 percent as indicated by the Z-value of 3.33. The joint decision remained at zero level before and after the formation of the group.

In case of making different purchases, there were 64.00 percent males who dominated in the decision making before the formation of the SHG but after formation of the group it reduced to 42.00 percent. The decline was significant (Z = 2.20). On the other hand, the proportion of females increased from 24.00 percent before formation of the group to 38.00 percent after the formation of the group, but the increase was statistically non-significant (Z = 1.51). This was due to the fact that the joint decision making also increased from 12.00 percent to 20.00 percent, though insignificant.

As much as in 66.00 percent of the families, males dominated the decision making regarding making saving before the formation of the group which declined to 46.00 percent after the formation of the group. The decline was significant (Z = 2.02). There were insignificant increases in the proportions of families where females and joint decision making regarding making savings dominated. It increased from 20.00 percent to 32.00 percent in case of females and 14.00 to 22.00 percent in case of joint decision making.

In case of making expenditure on festivals, there were 94.00 percent males who dominated in the decision making before the formation of the SHG but after formation of the group it reduced to 64.00 percent. The decline was highly significant (Z = 3.68). On the other hand, the proportion of females increased significantly from zero percent before formation of the group to 16.00 percent after the formation of the group (Z = 2.95). The joint decision making also increased from 14.00 percent to 20.00 percent, though insignificant.

As much as in 78.00 percent of the families, males dominated the decision making regarding participation in meeting before the formation of the group which declined to 56.00 percent after the formation of the group. The decline was significant (Z = 2.34). There were significant increases in the proportions of families where females dominated regarding participation in meetings. It increased from 8.00 percent to 22.00 percent (Z = 1.96). The joint decision making also increased from 14.00 percent to 20.00 percent, though insignificant. In case of interaction with outsiders, there were 84.00 percent males who dominated in the decision making before the formation of the SHG but after formation of the group it reduced to 66.00 percent. The decline was significant (Z = 2.08). On the other hand, the proportion of females increased significantly from 4.00 percent before formation of the group to 16.00 percent after the formation of the group (Z = 2.00). The joint decision making also increased from 12.00 percent to 18.00 percent, though insignificant. As much as in 80.00 percent of the families, males dominated the decision making regarding assets building before the formation of the group which declined to 60.00 percent after the formation of the group. The decline was significant (Z = 2.18). There was significant increase in the proportion of families where females dominated regarding assets building. It increased from 10.00 percent to 26.00 percent (Z = 2.08). The joint decision making also increased from 10.00 percent to 14.00 percent, though insignificant. In case of IGAs, there were 100.00 percent males who dominated in the decision making before the formation of the SHG but after formation of the group it reduced to 84.00 percent. The decline was significant (Z = 2.95). On the other hand, the proportion of females increased significantly from zero percent before formation of the group to 16.00 percent after the formation of the group (Z = 2.95). No joint decision making was found in this regard.

As much as in 68.00 percent of the families, males dominated the decision making regarding income from SHG initiated IGAs before the formation of the group which declined to 44.00 percent after the formation of the group. The decline was significant (Z = 2.42). There was significant increase in the proportion of families where females dominated regarding income from SHG initiated IGAs. It increased from 20.00 percent to 38.00 percent (Z = 1.98). The joint decision making also increased from 12.00 percent to 18.00 percent, though insignificant.

VI. CONCLUSION

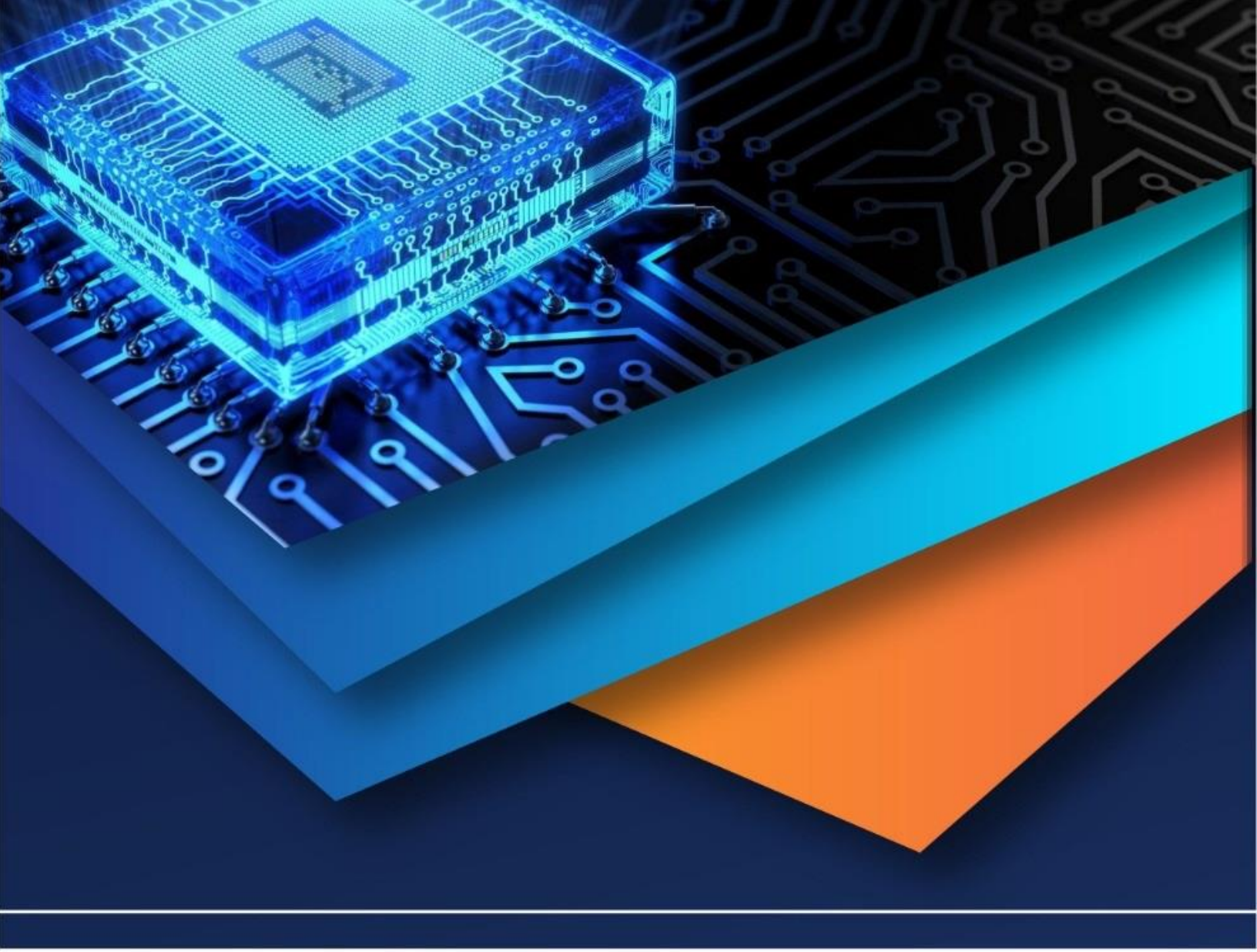
The study concluded that awareness of the members about different processes and activities was considerably to a satisfactory extent, but there is still a broad scope of further increasing the awareness of members. The availability of basic services to the members was considerably to a satisfactory extent, but there is still a broad scope of further increasing the availability and access to the basic services. There was the strong opinion of members that savings were made for agriculture and food security. There was a very weak opinion in favour of that savings were made for social security, education, medical, social ceremonies, emergencies assets building and IGA. This revealed that the SHGs have yet fulfilled the basic need of food through farming. The SHGs have to go a long way to fulfill the social needs also.

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