

## **Micro-credit programs empower women through self-help groups**

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### **Abstract**

This study attempts to reveal the role of micro-credit in strengthening women's empowerment in the central region of Bangladesh, especially in the Gazipur district of Kaliakoir Upazila. Self help group generally performs various types of economic activities with the help of their small savings; enable members to gain economic benefits out of mutual help, solidarity and social responsibility. Generally, the economic benefit includes mobilization of savings and credit facilities and to pursue group based economic activities. The sample size is 100 which has been randomly selected and consists of the same number of Kaliakoir Upazila women who have been randomly selected and engaged in different income generating activities. The study found that women who receive microcredit are economically more empowered than women who receive non-microcredit. Thus, self help group can empower poor women by providing facilities like savings and credit in the economic development process of the society. Above all, it can be concluded on the basis of the empirical finding that micro-credit status has a positive effect on women's economic empowerment in the study area.

**Keywords:** Microcredit, women empowerment, income generation, self help group, economics.

### **Introduction**

Microcredit is a new concept for the world's unbankable citizens. It provides credit, deposits, and other key financial services to reach the millions of people worldwide who are too poor to support through traditional banking networks. Microfinance is an advancement for developing countries in the credit market (Zoyunul & Fahmida, 2013;

Amin et al., 2001). It is a service provider for poor people who are unemployed; who are the growth and poverty alleviation part of poor entrepreneurs in the financial sector (Kartar Sing and Jain, 1995; Manimekalai, 2004). It is regarded as an essential approach to programs to alleviate poverty and improve living standards, especially for women, in developing countries such as Bangladesh (BBS, 2014; Loro, 2013; Kapoor, 2001; Gupta, 2007). It has become a complementary development model that expands the financial service delivery system by connecting the large rural population with the formal financial institution. Micro-finance offers very small loans that are repaid within a short period of time and are primarily used by individuals and households with low incomes (Das and Gupta, 2005). This kind of financing makes and empowers poverty alleviation. It is also an instrument that provides significant economic and non-economic externalities for low-income households in developing countries (Kumar, 2009). However, its significance has been increased as it becomes a mechanism for governments in developing countries to exercise development priorities. Self-help group plays an important role in the growth of self-employment in rural women (Mansuri, 2010). Through the self-help groups, micro-finance built entrepreneurial skills among rural women and acquired self-employment. Pandit Jawaharlal Nehru said, "It's women who are greatly awakened to awaken the people; once she's one on the move, the family moves, the village moves, and the nation moves." (Rahman et al., 2014; Angel anila, 2012). Consequently, women are marginalized in the development process. They are economically, socially and politically disadvantaged self-help groups that empower latent-energy women and teach them how to gain their own lives. Self-help microfinance plays an important role in promoting empowerment of women (Saravan Kumar, 2012; Ankita Deka, 2011). It is not only an effective tool for combating poverty, but also as a means of encouraging the empowerment of the most disadvantaged sections of the population, particularly women. There is not enough information about women SHGs involved in various economic activities through micro-credit. Therefore, in this research work, a humble attempt was made to study SHG women and their success in various economic activists in the Kaliakoir Development Block in Gazipur District of Dhaka Division. The objective of the study was to evaluate the performance of selected women self help groups in Kaliakoir Development Block and the hypothesis was rural credit helps members of women SHGs to start new business.

## **Research Methodology**

This study was carried out under the Kaliakoir Development Block in the Gazipur District of Dhaka Division. The primary information is gathered from personal interviews, schedules and questionnaires. The secondary data was collected from district, village council, publication by the government, books and journals, etc. Various statistical methods such as tables, percentages, average, percentage and other similar statistical techniques have been used to analyze data and information collected. The method of sampling chosen for the above research design was 24 self-help groups in total of Kaliakoir block was decided to select from the eight unions, Kaligonj, Jangalia, Jamalpur, Tumulia, Nagari, Baktarpur, nagari, Bahadursadi and Moktarpur by simple random sampling method. Ten participants have been taken for interview from each self-help group. Sample sizes of 100 leaders of self-help.

## **Results and Discussion**

The women's self-help groups have played a diverse role in Kaliakoir Development Block's economic development. They are involved in farms, household industries, trade and trade and other related economic activities. In field surveys, it was observed that women are hard-working, ambitious, self-determined and willing to take risks in establishing new businesses. Women have a tradition of making household affairs efficiently run, but nowadays women are equally interested in setting up their own businesses to become prosperous and self-reliant through SHGs. Developed and developing countries ' governments are taking action to empower women, providing them with better education, job opportunities and women's rights. Kaliakoir Development Block's performance of women SHGs depends on a number of variables.

## **Financial array of practices**

In order to improve socio-economic activities, rural unemployed young people and women have become self-employed. In the Kaliakor Block field survey, it is revealed that the SHG representatives of eight unions have identified economic activities such as fisheries, textiles and handlooms, tailoring, weaving and embroidery, herbal products, domestic food products, interest businesses, poultry and farming, etc. According to the above table, 17% of SHGs have adopted textiles and hand-held industries as their main activity. Fishing was practiced by the lowest percentage of 4 percent of SHGs. The number of other activities

was: 13% Sticky weaving, 13% domestic food product, 12% poultry farming and 12% fishing.

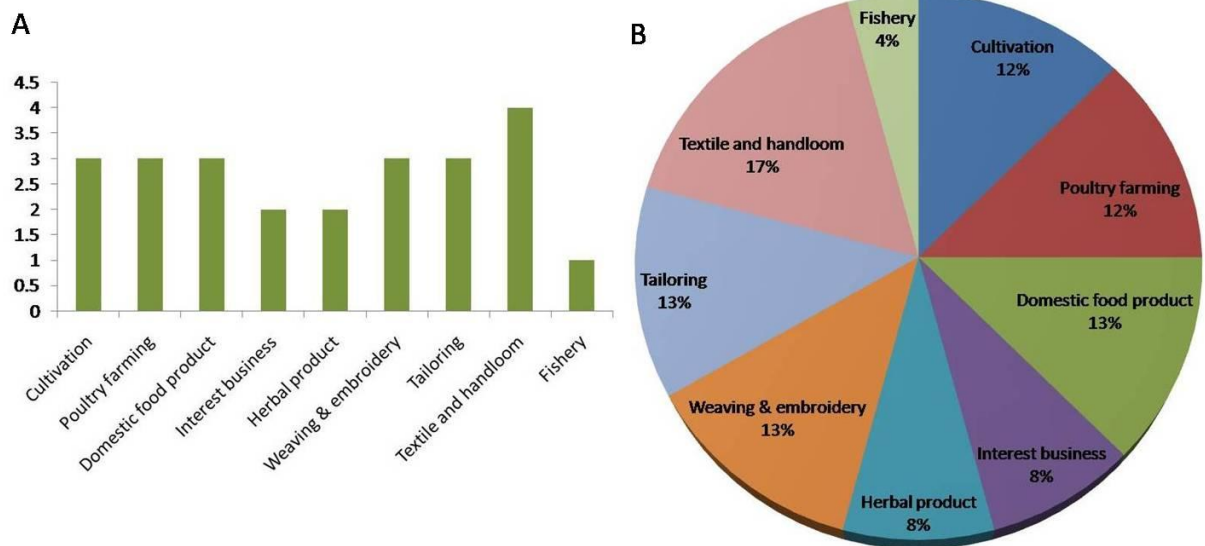


Fig 1. Representing key activities of self help groups. Number of self help groups (A), Percentage (B).

### SHG membership

The goal of the SHGs is to encourage savings and provide credit facilities to members for the purposes of production and consumption. There are three reasons why you should join SHG. Those are raising living standards, starting business and social status. The data analysis shows the highest number of the i.e. of the respondent. 80 entered SHG in order to improve their standard of living. Respondent No. 12 entered SHG to maintain social status. In order to start business, only 8 no respondents joined SHG. In the block, because of poor economic conditions as well as lack of entrepreneurial abilities, women are lacking in the business.

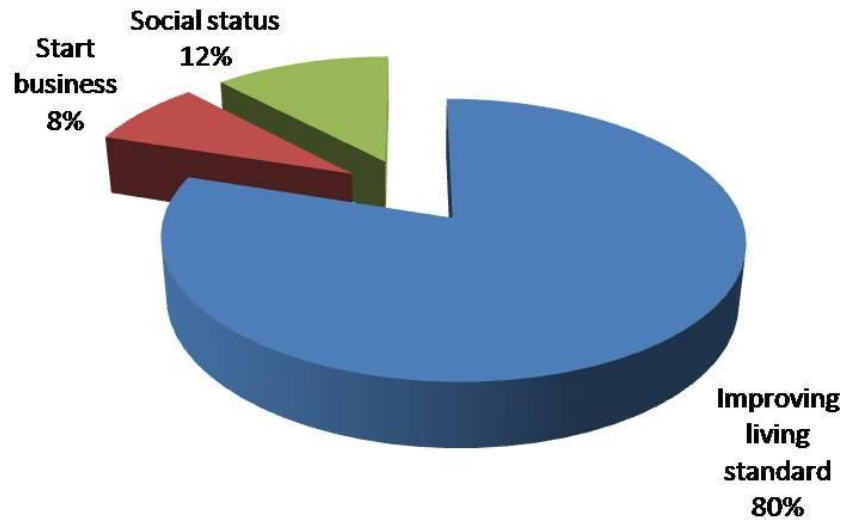


Fig 2. Showing the reasons for joining in self help groups.

### SHGs formation

An effort was made to know the year SHG was founded to show the length of the unit's survival. Data on the year of the establishment of SHGs in the Kaliakor Block were collected for this purpose. The largest number of SHGs, i.e. was identified in field survey. Between 2004-2005, 17% of SHGs were created, while the lowest was the number of SHGs, i.e. Between 2001 and 2002, 8% were founded. It was observed that the majority of the number of SHGs began in 2004-2005, as this may be due to various schemes implemented by the government of Bangladesh.

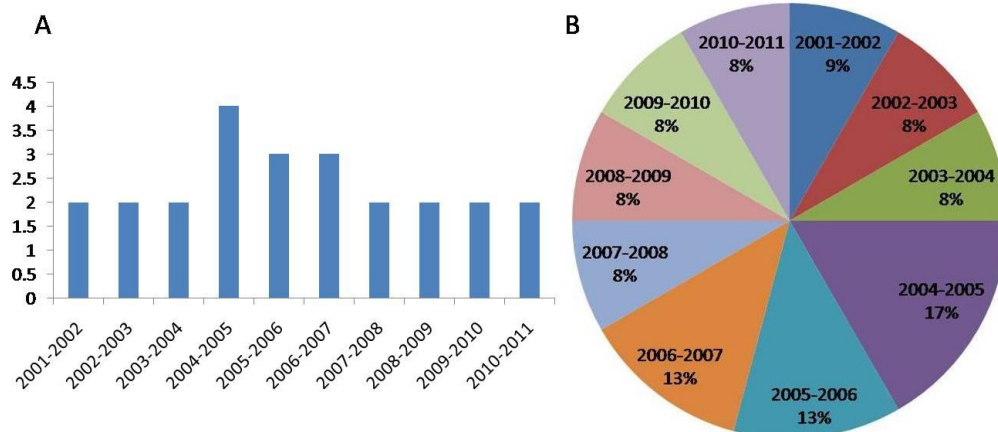


Fig 3. Representing the year and number (A) and percentage (B) of self help groups.

### Individuals entering SHGs

The year individual members join SHGs shows members' interest in becoming self-employed by economic activities of SHG. In the field study, the number of individual

members joining SHG grew between 2004 and 2005. In field surveys, the highest number of individual members joined SHG by 21 percent in 2004-05, while the lowest number of individual members joined SHG by 4 percent in 2001-02.

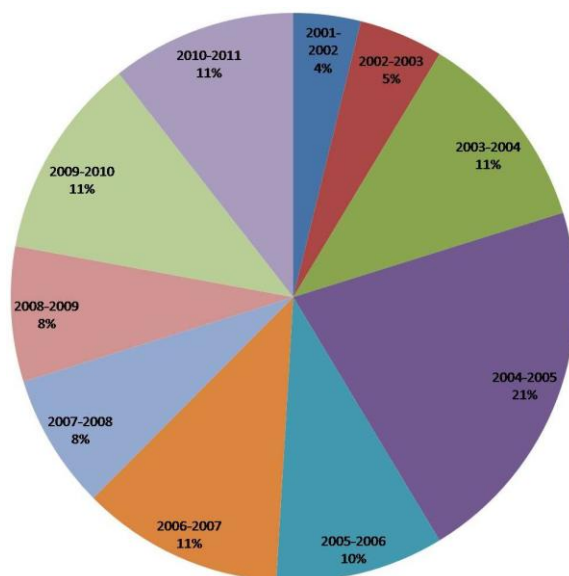


Fig 4. Representing the years of joining self help groups by individual numbers.

### Rural and SHGs credit

Rural credit is one of the most important inputs to improve the block's development process. The timely availability in the right quantity, at a reasonable interest rate, provides the rural sector with productive economic activities. Low-income people are deprived of rural loans. Banks generally decline to finance small-scale farmers, marginal farmers, landless labourers, small-scale craftsmen and other landless people because they can not provide banks with adequate mortgages. The rural people's need for rural credit is fulfilled with SHG development. The government's contribution to SHG was very limited during the field survey.

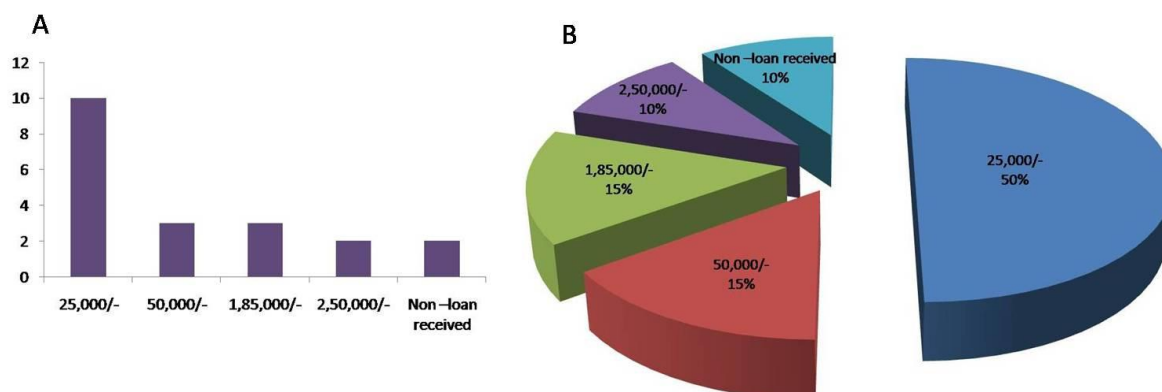


Fig 5. Showing the Government contribution to self help group. Number of respondents against loan (A), Percentage (B).

In field study it was found that TK was earned by 50 percent of women SHGs. A government loan of 25, 000 and a deposit of 15 percent earned Tk. 50, 000. In the field survey, it was also found that 10% of women SHGs did not receive any loan from government. The SHG provides their leaders with different types. SHG's various types of loans include business loans, marriage loans, medical loans, housing loans, cattle loans, agricultural loans.

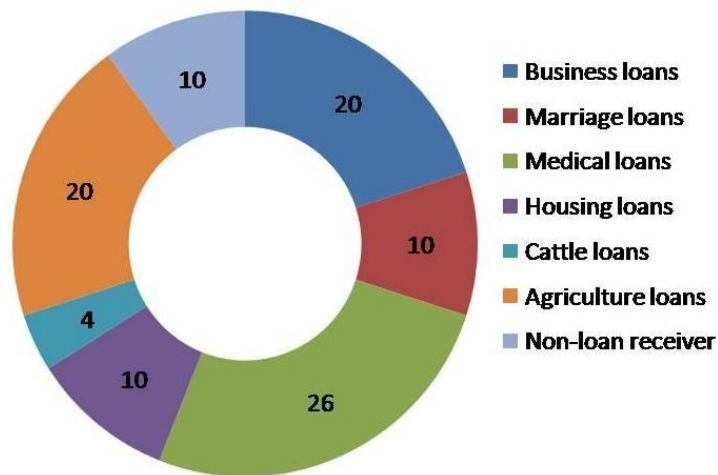


Fig 6. Representing loan types provided by self help groups to their members.

SHG leaders are in high demand for credit in small businesses, cottage industries, and food processing units. The SHGs in the study area provide their member with loans for different purposes. SHG supported its members with the highest percentage of loans, i.e. 26 percent, for medical purposes. SHG provided its members with the lowest percentage of loans, i.e. 4 percent, for cattle loans. The loan disbursement protocol is determined by SHG's general body meeting. It was observed that all members of the SHG need credit in the data analysis. The SHGs provide loans to their members at a reasonable interest rate. SHGs' interest rates vary from group to group. They usually change the interest rate from Tk.1% to 4% per month. SHG members made three ways to repay the loan, such as reimbursement in time, repayment in advance and repayment in time.

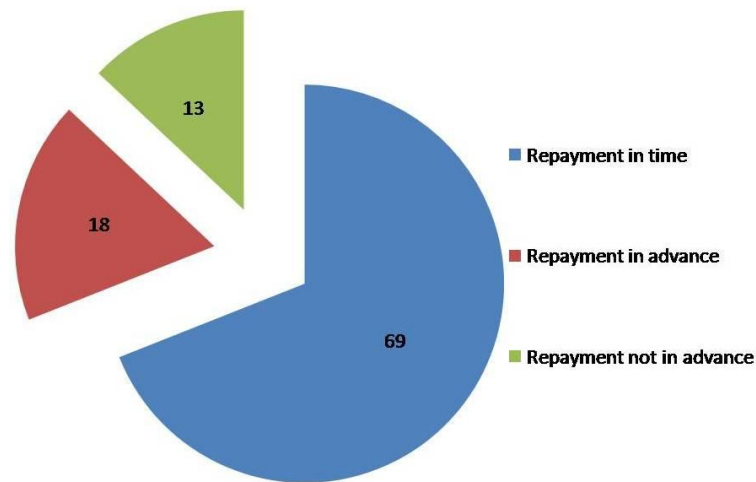


Fig 7. Loan repayment by self help groups members.

It was noticed in field survey that the SHG members used the loans for different purposes, either individually or as a whole. The highest percentage, i.e. 69% of SHG members, repaid the loan on time while the lowest percentage, i.e. 13% of SHG members did not repay the loan on time. Micro, marginal and landless farmers and other economically disadvantaged sections of society need credit to carry out their daily activities. They need a tiny amount of Tk loan. 500 Up to Tk. 10,000 For a season or era. Generally these types of loans are not funded by the banking sector. Traditionally, people have to rely on money lenders, traders, commission agents, business community at an exorbitant interest rate for these types of loans. The growth of SHGs over the past decades has made tremendous progress in providing rural credit to the rural society's underprivileged section. Most nationalized and regional rural banks provided credit support to SHGs. SHGs move through a phase of gradual evolution during the process for the creation of credit relations. The Institute has built up the SHG's capacity to handle the selected revenue generating operation on a commercial basis and the block authority continues to track the performance of the SHGs in a scientific manner.

#### **The training of SHG members:**

The Kaliakoir Development Block had regularly conducted training programs on various economic activities, with Gazipur being led by SHG leaders. Education was generally given to unemployed young people in rural areas through group training. The training has changed people's perspective and they are inspired to participate in economic activities to boost their economic conditions. It also helps to reduce unemployment and poverty in the block. Since qualified people have started to engage in economic activities such as food preparation, poultry and fish farming, textile and hand-held business, etc.

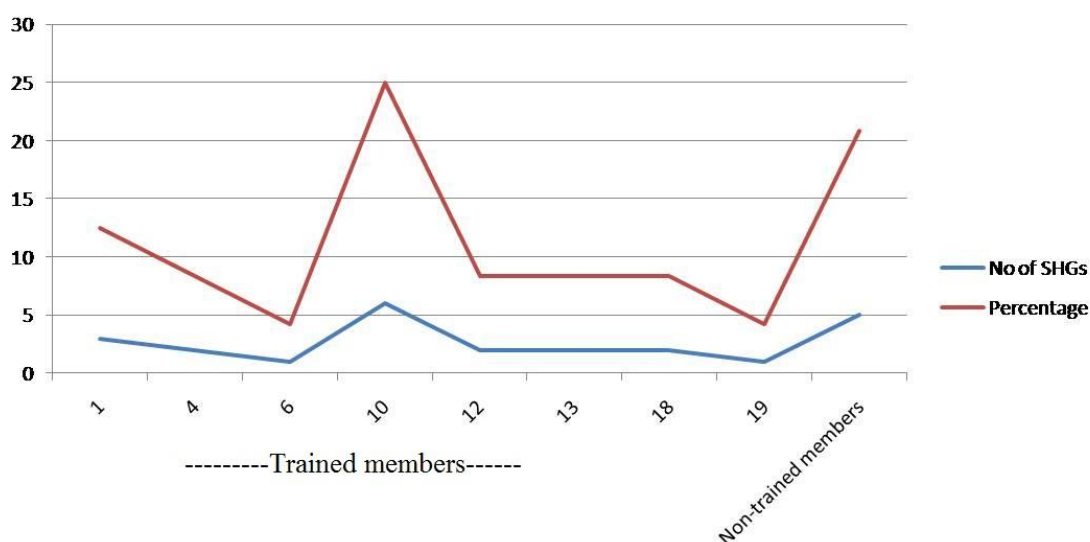


Fig 8. Distribution of trained members in self help groups.

## Conclusion

Empirical research and discussion of the results reinforce the suggestion that empowerment of women depends on the above variables. From the research via primary sources it was clear that women SHGs are very involved in providing income-generating operation in the Kaliakoir Development Block in the district of Gazipur. It can be clear that in eradicating poverty, women's SHGs are more important. The study beneficiaries achieve jobs by implementing their own personal skills and home-based activities. The micro-finance system has an important role to play in empowering women through SHGs. The overall review of this variable shows that women empowering the block was above average and the conclusion that rural credit helps women SHG members start new businesses. It has been found that most women SHGs have borrowed for various economic activities, such as poultry framing, farming, textiles and hand-held works, cattle framing, weaving and embroidery, food processing, agriculture, etc. Kaliakoir Block's women SHGs provide rural credit to women in the SHGs. Hence, it accepts the hypothesis. It would be beneficial to speed up the Block's development process at a faster rate if people's attitudes were modified. In this age of liberalization, privatization and globalization, women are more aware of their independence, rights and freedoms, security, social status, etc. But they have been deprived of it to date; therefore, they should have dignified their deserving rights and freedoms. Contribution to household income, monthly investments, monthly expenditure and new asset ownership additions have a strong significant effect on the study area's economic empowerment. It can be argued that the taking of microcredits has a positive effect on women's economic empowerment.

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