



THE IMPACT OF MICROFINANCE PROGRAMME UNDER IFAD PROJECT ON POVERTY ERADICATION OF TRIBAL WOMEN IN UKHRUL DISTRICT OF MANIPUR

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ABSTRACT

A joint venture project of International Fund for Agricultural Development (IFAD) and Government of India was launched in Ukhrul District of Manipur in February 1998. Among various components of the upland area development, microfinance programme was incorporated for rural poverty alleviation. The Ukhrul Community Resource Management Society (URMS) took up activity on formation of SHGs and 654 SHGs were set up in 103 villages. Required microcredit linkage was made with UBI, Ukhrul bank and NIM.

To examine the impact of microfinance programme under IFAD sponsored project an empirical study has been carried out. 200 sample units (SHG- Members) have been selected through multistage stratified random sampling method. Poverty Eradication Index (PEI) is employed for measurement of extent of poverty eradication.

Employment generation and income generation are taken as causal factors. Consumption pattern, knowledge & skill level, and health care are taken as impact factors.

The value of PEI indicates that 47.61% of the SHG members have crossed poverty line during last two decades and 48.5% of them are enabled to construct their own houses.

On the whole, an effective socio- economic change of tribal women has been assured during the span of two decades.

Nevertheless, better pace of achievement is called for.

KEY WORKS: *Microfinance, Self-Help Group, Employment Generation, Income Generation, Poverty Evaluation Index and Asset Creation*

INTRODUCTION

There has been a significant growth of microfinance through self-help groups (SHGs) in developing countries.

In India the formal microfinance movement through SHGs started in 1992 with the initiatives of National Bank for Agriculture and Rural Development (NABARD). Thus SHG- Bank Linkage Programme (SBLP) was launched through all commercial banks, cooperative banks and regional rural banks. Microfinance Institutions (MFLs) have been part of microcredit delivery in the country.

In the latter part of 1990s microfinance programme was penetrating in Ukhrul District of Manipur. There was only one bank branch of United Bank of India.

Considering the deficiencies of microcredit accessibility of tribal poor women, the specialized UN Agency in poverty in developing countries, International Fund for Agricultural Development (IFAD) started its journey of rural development with special attention to poverty eradication in February 1998 in collaboration with Government of India. For this purpose

North Eastern Region Community Resource Management Project (NERCRMP) was created.

NERCRMP implements its activities through the Ukhrul District Community Resource Management Society (UDCRMS) covering 103 villages having 7768 householders. District Support Team of UDCRMS has formed 654 SHGs.

Various capacity training programmes have been conducted by the district support team. Own MFI has been set up under the nomenclature of NERCRMP Microfinance Institute (NMI) for ensuring microcredit delivery to the needy ST women through SHGs with a specific objective to develop their socio-economic status and to eradicate poverty.

THE RATIONALE

The question before all concerned is that whether the microfinance programme has accomplished its focal objective of socio-economic empowerment of tribal women in the project area (Ukhrul District)? To what extent poverty eradication has been successful?

METHOD OF STUDY

The method of the study is empirical.

DATA BASE

The academic endeavour is based on both primary and secondary data. Relevant secondary data are collected from internal records of the concerned SHGs.

Primary data collections from SHGs were made with questionnaire. Interview schedule was used for primary data collection from respondents (selected SHG members). Pre-testing of both questionnaire and interview schedule were done for ensuring reliability and measurability.

Details of respondents – SHG members covered under the sample survey are depicted in Table – 1.

Table : 1
Categorised Distribution of Members Surveyed

Category	Number	Percent
Chairperson	40	20.0
Secretary	40	20.0
Treasurer	40	20.0
Executive Member	80	40.0
Total	200	100.0

Source : Field Survey

Sample villages with proportionate member of SHG members selected under stratified random sampling are shown in Table -2.

Table : 2
Villagewise Distribution of Members Surveyed

Villages where SHGs are located	Number of Members	Percent
Challou	15	7.5
KharasomLazo	5	2.5
Kharasom CV	30	15.0
KharasomLazo	10	5.0
Kuingai	20	10.0
New Tusom	55	27.5
New Kharasom	10	5.0
New Wahong	15	7.5
Tusom CV	20	10.0
TusomKhullen	20	10.0
Total	200	100.0

Source : Field Survey

SAMPLING DESIGN

Stratified multistage random sampling was adopted.

In the first stage, Ukhrul district is selected as project area of North Eastern Community Resource Management Project (NERCORMP), a joint project of North Eastern Council, Ministry of DoNER, Government of India and International Fund for Agricultural Development (IFAD). The project was launched in the year 1999-2000 for upland areas development.

In the second stage, Jessami T.D. Block has been selected as there is wide spread movement of microfinance through Self Help Groups (SHGs) under the IFAD funded project.

In the third stage, a cluster of villages has been chosen as study area. All possible efforts have been given by the project team for effective SHG movement in this cluster since inception of the joint venture project.

In the fourth stage, 40SHGs have been selected on stratified random basis. 200 members from the selected SHGs are drawn at random as respondents with the condition that five members from each SHG are drawn, out of which chairperson, secretary and treasurer are included.

All chosen respondents are tribal women as they belong to ST women SHGs.

DATA ANALYSIS

In relation to statistical analysis of the data pertaining to the study, major part of the study is based on tabular analysis. Percentages and mean figures are used to analyses the data.

Statistical techniques are used to estimate the impact of microfinance through SHG programme. Index number method is used to estimate the indices of Poverty Eradication Index (PEI). Construction of PEI helps in assessment of impact of microfinance programme in eradicating the rural poverty (Manikonda, 2016).

Construction of PEI

To assess the impact of microfinance programme on poverty eradication, the 'Poverty Eradication Index (PEI)' is used. Income Generation and employment generation are taken as casual factors. Consumption pattern, knowledge and skill level and health care are considered as impact factors.

For computing PEI the following equation is used:

$$PEI = (E+Y+C+K+H)/W$$

Where,

PEI	=	Poverty Eradication Index
E	=	Employment Generation
Y	=	Income Generation
C	=	Consumption Pattern
K	=	Knowledge & Skill Level
H	=	Health Care
W	=	Sum of total points of all the five variables

Principles of Variables Used

The income generating activity which generates 180 working days or above is considered as gainful employment.

Income generation is another indicator of eradication of poverty. A SHG member who generates monthly per capital income of Rs. 1200/- and above is taken as above poverty line

as per Tendulkar Committee estimate. For measuring skill and knowledge level, literacy level, ability to read newspapers; technical usage; watching TV; knowledge about women's rights, women reservation and S.T. reservation are to be considered, out of which, those who have minimum 50% or more are assumed having improvement in knowledge and skill level.

IGA activities give opportunities to raise capacity of income earnings of SHG-members. As such, they intend to have comforts and luxurious items. Consequently consumption pattern changes. For measuring consumption pattern, purchase of TV, electronic grinder, fan, LPG gas connection, cell phone, asset creation including construction of houses are to be considered. One who has at least 50% purchase of the listed items is taken as having improvement in consumption pattern.

Health care indicates the women's accessibility to health care facilities and nutrition levels. The improvement in economic conditions of the tribal women lead to improve their capability of spending on health care. To measure the improvement in the health care of the respondents, eight indicators – cleanliness of home and surroundings, immunization of their children, awareness on sanitation, taking nutritious foods, awareness of family planning, access to health services, having access to qualified doctor and health insurance. Out of these indicators, any respondent accesses at least 50% is to be considered that there is improvement in health care.

Variable Index

Index number of each variable is constructed using the following formula:

$$I = \frac{P_1 - P_0}{S - P_0} \times W$$

Where,

- I = Index Number
 P_0 = Number of respondents before joining SHG
 P_1 = Number of respondents after joining SHG
 S = Total number of respondents
 W = Points allotted

Scale

A 100 point scale has been taken and 20 points have been allotted to each variable to work out PEI.

If PEI is equal to 1, it indicates 100% of eradication of poverty. PEI value ranges from 0 to 1.

Observations

The sample survey reveals that majority of the members of SHGs are married. Out of 200 members, 191 (95.5%) are married. Only 6 (six) members are found unmarried. Such unmarried women develop their skill in running SHG activities before their marriage. When they become married they easily can initiate to form SHG and take up income generating activities. This will make opportunities for income generation for their own livelihood and for other unknown women, which can lead better economy through group initiatives for all.

Even widow and divorce women also join to SHGs for their livelihood. Details are shown in Table – 3.

Table : 3
Marital Status of Members Surveyed

Marital Status	Number of Members	Percent
Unmarried	6	3.0
Married	191	95.5
Widow	2	1.0
Divorcee	1	.5
Total	200	100.0

Source : Field Survey

Education gives the power to exercise internal capability of SHG members. It helps in right decision making of self and SHG in which she is member.

It is recorded that only 7.5 percent of the surveyed members of SHGs are illiterate, the rest are literate, constituting 92.5 percent. However among the literate members major

chunk are just upto the levels of primary (52%) and middle (31.5%). Only 11 of them accounting for 5.5% passed class ten standard and 6 members, constituting 3.0% have crossed higher secondary level. Very rarely only one member is identified reached upto graduate level. Table – 4 depicts the classification of members by educational status.

Table : 4
Educational Status of Members Surveyed

Educational Status	Number of Members	Percent
Illiterate	15	7.5
Primary	104	52.0
Middle	63	31.5
Secondary	11	5.5
Higher secondary	6	3.0
Graduate	1	.5
Total	200	100.0

Source : Field Survey

Income Generating Activities

Agriculture and allied activities are the core income generating activities of the members surveyed. Although members are women they do activity in these chosen income generating activities.

The study reveals that majority of the members do only agriculture as their main income generating activity. Out of

200 members, 190 members constituting 95% are found doing only agriculture activity as their main income generating activity under the assistance of their SHGs.

Some of the surveyed members are round doing agriculture and allied activities as their income generating activities. Two members are recorded doing agriculture and poultry together as their composite income generating activity. Some of the

respondents are found doing more than two agricultural activities as composite income generating activities like integrated farming of agriculture, horticulture and poultry;

and agriculture, horticulture, poultry and piggery as shown in Table – 5.

Table : 5
Distribution of Members Surveyed by Main Income Generating Activities

Main Income generating activities	Number of Members	Percent
Agriculture only	190	95.0
Agriculture and Poultry	2	1.0
Agriculture, Horticulture and Poultry	3	1.5
Agriculture, Horticulture, Poultry, and Piggery	5	2.5
Total	200	100.0

Source : Field Survey

It is observed that SHG-members are enabled to do agricultural activities during kharaf and rabi seasons with livestock farming successfully after getting microcredit from their SHGs.

They able to sell their products in local markets and other far off markets effectively. Their products are highly demanded because they produce by organic methods.

The accessibility of microcredit has created ideas of business diversification. They have undergone to start diversification of business in horticulture, weaving, small business, poultry, pisciculture etc. Such diversified activities become as subsidiary income generating activities. Table – 6 sets out distribution of surveyed members based on subsidiary activities taken up by them after getting microcredit from their SHGs.

Table : 6
Distribution of Members Surveyed by Subsidiary Income Generating Activities

Subsidiary Income generating activities	Number of Members	Percent
Horticulture	3	1.5
Weaving	78	39.0
Small business	69	34.5
Labour	23	11.5
Poultry	6	3.0
Pisciculture	2	1.0
Piggery	5	2.5
Jhum farming	5	2.5
Weaving and Labour	2	1.0
Total	200	100.0

Source : Field Survey

A dismal observation is made in the study that some of the members cannot diversify their activity to create additional income by their own. As a result, they are compelled to do labour work from time to time. Such members constitute 11 percent.

The possible reason is that 15 percent of the members surveyed have not received microfinance to enable to take up income generating activities on agriculture and other diversified activities. Concerning supports availability, out of 200 members, 122 (61%) got financial assistance only. 34 members got financial assistance and skill development facility. Only 20 of them got financial assistance, skill development and marketing – as shown in Table – 7

Table : 7
Distribution of Members by Supports Received

Types of assistances received	Number of Members	Percent
Financial assistance	122	61.0
Marketing support	1	.5
Financial Assistance, Skill development	34	17.0
Financial assistance, marketing support	1	.5
Financial assistance, Skill development, Marketing support	20	10.0
No assistances at all	22	11.0

Source : Field Survey

In the microfinance programme all essential components of micro-finance, skill development, inputs supply, marketing of products, capacity building training programmes etc. need to be integratedly accessible to the SHG Members.

Majority of SHG members have skill of weaving. They produce cloth for their own use for domestic purpose. With

the opportunity of microfinance through SHGs 39 percent of members have taken up subsidiary business on weaving by producing commercial woven cloths. By virtue of tradition and skill of tribal women, weaving is found to be the most leading subsidiary and diversified business activity of surveyed SHG members.

Small business is subsidiary activity of members which takes substantial share next to weaving. It accounts for 34.5 percent.

Tribal women are influenced by various agencies to form SHG. Majority of them (88.5%) are found motivated by IFAD project staff, followed by friends.

The main reason to form their SHG was to be free from the pain of poverty. The members who joined SHG with the

reason to get freedom from poverty accounts for 90%. The rest members joined SHGs to get easy loan for extra income generation.

There is change in the membership of SHGs in the project area. In the beginning of the project the membership was ranging from 10 to 16. Now most of the SHGs have 20 members. It indicates that tribal women have confidence in group initiative for self economic freedom through their SHGs.

Table : 8
Distribution of Members Surveyed by Working Hour before Joining SHG

Working hours	Number of Members	Percent
3	2	1.0
4	73	36.5
5	120	60.0
6	5	2.5
Total	200	100.0

Source : Field Survey

Working Hour

Increasing productive working hour is an indicator of capacity enhancement in income earning and employability. Minimum limit of working hour was 3 hours before joining SHG which increased to 4 hours after joining SHG. Maximum

limit of working hour increase from 6 hours to 7 hours. There is significance increase in mean working hour after joining SHGs of surveyed members. Statistical high significance is observed by using paired t-Test ($P < 0.000$).

Working Days

Table : 9
Distribution of Members by working hour after joining SHG

Working hours	Number of Members	Percent
4	1	.5
5	66	33.0
6	125	62.5
7	8	4.0
Total	200	100.0

Source : Field Survey

Table : 10
Distribution of Members by Number of Working Days before Joining SHG for Income Generation

Number of working days	Number of Members	Percent
150	1	.5
180	6	3.0
190	4	2.0
200	125	62.5
205	1	.5
210	45	22.5
220	16	8.0
230	2	1.0
Total	200	100.0

Source : Field Survey

Employment generation is computed based on number of working days engaged in a year. A person who gets engagement for more than 180 working days is considered that he/she gets full employment.

It is noteworthy that tribal women are very much labourious. Many of them work in agricultural field throughout the year.

Out of the 200 members, only one member is found working for 150 days and six of them are found working for 180 days before joining their SHGs. 96.55 are identified working more than 180 days before joining their SHGs. After joining SHG 99.5% of members are recorded working 190 – 260 hrs – as shown in Table – 11.

Table : 11
Distribution of Members by Number of Working Days
After Joining SHG for Income Generation

Number of working days	Number of Members	Percent
180	1	.5
190	4	2.0
200	15	7.5
203	1	.5
210	19	9.5
212	5	2.5
215	2	1.0
220	75	37.5
222	8	4.0
225	2	1.0
230	60	30.0
232	4	2.0
240	1	.5
242	2	1.0
260	1	.5
Total	200	100.0

Source : Field Survey

Table : 12
Distribution of Members by Monthly Income Generation
Before Joining SHG

Monthly Income	Number of Members	Percent
200	12	6.0
300	52	26.0
400	24	12.0
500	43	21.5
600	37	18.5
700	10	5.0
800	15	7.5
1000	6	3.0
1200	1	0.5
Total	200	100.0

Source : Field Survey

Mean Income : 490.00

Standard Deviation : 195.00

Table : 13
Distribution of Members by Monthly Income Generation After Joining SHG

Monthly Income	Number of Members	Percent
200	2	1.0
300	5	2.5
400	36	18.0
500	39	9.5
600	57	28.5
800	34	17.0
1000	12	6.0
1200	8	4.0
Total	200	100.0

Source : Field Survey

Mean Income : 649.00

Standard Deviation : 231.00

$$\text{Value of PEI} = \frac{17.14 + 0.70 + 8.92 + 20.00 + 0.85}{100}$$

$$= 0.4761$$

The value of PEI indicates that 47.61 per cent of the SHG members have crossed poverty. It is a positive impact of microfinance delivery through SHGs of tribal women in Ukhrul District under IFAD aided project for rural development in upland areas.

Table : 14
Distribution of Members According to Amount Spent for
Purchase of Household Assets by Members

Amount spent (Rs.)	Number of Members	Percent
6000	1	.5
10000	4	2.0
15000	1	.5
20000	6	3.0
25000	5	2.5
30000	10	5.0
35000	1	.5
36000	1	.5
40000	27	13.5
50000	7	3.5
60000	5	2.5
70000	19	9.5
75000	2	1.0
80000	3	1.5
Total number of Members who bought household equipments	92	46.0
Number of Members who didn't bought household equipments	108	54.0
Total	100	100

Source : Field Survey

The socio-economically upgraded tribal women have brought a big change in asset creation of their families. As many as 97 members, accounting for 48.5% have constructed their low cost houses by utilizing their savings. Amount incurred in construction of their houses ranges from Rs. 70,000.00 to Rs. 1,90,000.00. 60% of them spent Rs. 1,00,000.00 to Rs. 1,50,000.00 for construction of their houses. After increasing income earning capacity they have purchased household equipments like TV, electronic grinder, LPG gas connection etc.

Out of 200 members surveyed, 170 (85.0%) members got microcredit through their SHGs. 145 members expressed that their SHG received Rs. 1,00,000.00 in total. 25 of them expressed that they received only Rs. 50,000.00 for their SHG.

150 members, constituting 88.2% of loan received expressed that they did not received micro credit loan timely, only 20 (11.8%) stated that they received timely.

Members have the opinion that the nature of cultivation is mostly jhuming. Span of jhuming shortening during the last decade. Lack of capital to take up bigger business is an emerging problem.

CONCLUSION

On the hold, microfinance programme of IFAD through NERCOMP has given a significant impact on poverty alleviation of poor tribal community. Under the project socio-economic dynamics of needy tribal community with active participation of tribal women for self development with self respect have been accelerated. 47.61% of assisted members have crossed poverty line and 48.5% of members are enabled to construct their own houses out of their savings. It is good achievement, but much remains to be done.

SUGGESTIONS

The study draws the following suggestions for better pace of development in microfinance programme

- More capacity and skill development training programmes may be given to SHG members to increase capability of adoption of new technology for raising production and productivity of both farm and non- farm activities.
- Microcredit flow should reach to the needy people at the right time with optimum size. Other integral components of microfinance like insurance, consumption loan, education loan, housing loan may also be incorporated.
- Management Capability of NIM may be enhanced through management development programme.
- District Support Team (DST) needs to take up strategic plan to ensure better achievement in near future.

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