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Impact of micro finance through self-help groups for the upliftment of social and economic condition of Minorities in West Bengal, India

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Abstract

West Bengal is situated in the eastern part of India which is economically less developed and considered as one of the poorest states of the country. In West Bengal there are different caste and religions. The minority of this state includes Muslims (second most popular religion in the state with 27.01 %), Christians by 0.72 %, Jains by 0.07 %, Sikhs by 0.07 % and Buddha by 0.07 %. Around 1.03 % by Other Religion, approximately 0.25 % stated 'No Particular Religion'. The economic condition of the minorities in west Bengal is poor and among them the status of Muslims minorities is worse. As per report published in economic times dated March 02, 2016 titled as 'Living Reality of Muslims in West Bengal coproduced by Nobel laureate Amartya Sen's Pratichi Institute and Association SNAP, "Muslims in West Bengal are economically more deprived than others", only 1 per cent households are fortunate to have salaried jobs in the private sector as their main source of income and about 47 per cent of all Muslims in rural Bengal, who work, belong to the category of agricultural and non-agricultural labour. Government, NGOs, MFIs, SHGs and other organizations have taken several initiatives for the upliftment of social and economic status of minorities in this state. This paper tends to highlight the role of micro finance through self-help groups for the upliftment of economic status of minorities in West Bengal.

Keywords: minority, unemployment, deprivation, SHG and Micro finance

Introduction

The Indian Constitution is committed to the equality of citizens and the responsibility of the State to preserve, protect and assure the rights of minorities in matters of language, religion, culture and social-economic condition. As the processes of economic development unfold, pressures are likely to build up and intensify when there is unequal development and some groups or minorities lag behind in the development process. India has achieved significant growth and development but not all religious communities and social groups have shared equally the benefits of the growth process. Among these, the Muslims, the largest minority community in the country, constitute 14.2% per cent of the population, are seriously lagging behind in terms of most of the human development indicators. Similarly, deprivation is widespread among Muslims in west Bengal where they are the second largest majority constituting about 27.01% of total population of the state. Sachar Committee report said there were only 4.7 per cent Muslims (Groups A and B) and 2.1 per cent in (Groups C and D) in government jobs, averaging about 3.4 per cent. There has been no systematic effort to improve the condition of minorities in the state which in turn increases vulnerability and deprivation among them. About 80 per cent of the Muslim households in rural Bengal earn Rs 5000 as household income per month, which is close to the cut off level of income for poverty line for a family for five, at least 38.3 per cent Muslim households in rural West Bengal earn Rs 2500 or less per month, which is one-half of the cut-off level of income for the population below the poverty line. On the other hand, only 3.4 per cent households reported to earn Rs 15,000 and above per month. Under the above circumstances it has become indispensable to take some appropriate steps to generate more employment, reduce poverty

and increase empowerment among deprived minority community. NGOs, micro finance institution and self-help groups come forward to implement the various schemes of the government and other organizations to achieve this goal.

Objectives of the study

1. To understand the present status of minorities in West Bengal.
2. To trace out the needs of micro finance for poverty alleviation.
3. To examine the role of SHGs for upliftment of poor Minorities.
4. To study the Impact of SHG-Bank Linkage Programme on poverty.
5. To study various Government measures for minorities development.

Research Methodology

The Data collected for the study depends only on secondary data. The various sources used to collect secondary data include research papers, journals, articles, newspaper, annual report of company, and data from various other websites and social media. The secondary data collected is further analyzed to draw conclusion.

Literature Review

There are limited studies on the economic status of minorities in West Bengal, some important of them are discussed here. Sachar committee report 2006 has pointed out that the Muslims of West Bengal have not only lagged behind of the all but even are the

most deprived community amongst all in the state of West Bengal. Poverty among Muslim in both urban and rural areas of West Bengal is higher than the SCs/STs. It is estimated that urban poverty among Muslim is about 44 and 46 for SCs/STs and for Hindu 21. And in rural area it is about 36 for Muslims and for SCs/STs 31 and for Hindu 24 (Sachar Committee Report, 2006)^[1]. At all India level, the incidence of urban poverty among Muslims is slightly lower than that of SCs/STs but considerably higher than the OBCs and Hindu General Category. Mainuddin, 2011, described that Muslim minority are socially disadvantageous, an educationally most backward, economically poor, politically a powerless community and excluded group of the country in general and of West Bengal in particular. They are deprived in terms of physical and infrastructure facilities. Kundu committee report on the status of Muslim in India was set up in 2013 to evaluate the conditions of Muslims on parameters such as demography, employment, live hood, consumption, living standards, poverty, management of wakf property and general policy issues apart from education and health. This committee intends to evaluate condition of Muslims after the implementation of some recommendations of sachchar committee. This committee reported that there is marginal improvement in the condition of Muslim. Amartya Sen's report, 2016, Muslims a poor lot in West Bengal. In a shocking revelation, the report says, only 1 per cent households are fortunate to have salaried jobs in the private sector as their main source of income. Living Reality of Muslims in West Bengal', coproduced by Nobel laureate Amartya Sen's Pratichi Institute and Association SNAP, claims. The report, released by Amartya Sen in Kolkata, suggests that "Muslims in West Bengal are economically more deprived than others since, unlike in most other states, proportionately more Muslims reside in rural West Bengal compared to the general rural population." Other studies among various scholars also stated the same review.

From the above studies, it has become essential to take some definite measures for new employment opportunities and to reduce vulnerability among minority communities. Microfinancing through self-help groups has been proved as a development tool which would generate employment, remove inequality and enhance the growth of the minority through financial services. Self-help Groups provides training to the borrowers to increase their productivity, to increase their income and consumptions, which contribute to raise their social status. This paper examines the role of micro finance through self-help groups for the upliftment of social and economic condition of minorities in West Bengal.

Conceptual Framework

Deprivation, poverty and Micro finance

The status of deprivation in India is linked with caste and religion. Among Muslim households with children, the chances of deprivation were found to be twice higher than among other communities, in SC and ST households with children are 1.5 times higher than those for Other Backward Class (OBC) and general caste households. Most of them do not have any land holdings, among households with children 49.3 per cent are water-deprived compared to 36.4 per cent of those without children. Microfinance is the provision of savings, loans, insurance, money transfers and other banking services to the poor people that lack access to traditional financial services, because

of poverty and vulnerability. Loans to poor people by banks have many limitations including lack of security and high operating costs. As a result, microfinance institutions were developed as an alternative to provide loans through SHGs to the needy and weaker section of the society. Microfinance is proved as an effective tool for reducing poverty in most under developed and developing countries. It enables the poor to engage in self-employment and income-generating activities, which helps them become financially independent and meeting day to day needs like health, education, marriage, and other social, cultural and future needs. It also provides training with strong discipline, which enables poor to increase their productivity, to increase their income and consumptions, which contribute to lowering vulnerability and poverty.

Minority Women Empowerment

In India, it is mainly a women's duty to look after the children and other members of the family. In case of married minority women, she has to strike a fine balance between her business and family. The term empowerment refers to measures designed to increase the degree of autonomy and self-determination in people and in communities in order to enable them to represent their interests in a responsible and self-determined way, acting on their own authority. It is the process of becoming stronger and more confident, especially in controlling one's life and claiming one's rights. Empowerment refers both to the process of self-empowerment and to professional support of people, which enables them to overcome their sense of powerlessness and lack of influence, and to recognize, and use their resources and to do work with power. Empowerment is the process of obtaining basic opportunities for marginalized people, either directly or through the help of non-marginalized others who share their own access to these opportunities. Empowerment also includes encouraging, and developing the skills for, self-sufficiency, with a focus on eliminating the future need for charity or welfare in the individuals of the group. Micro financing through self-help groups has empowered the rural as well as urban women including minorities to live a respectful life in the society. Muktidhara scheme of self-help groups, Mahila samridhi yojna, minority women empowerment programme of west Bengal Minority Development Finance Corporation, Aikyashree scheme and some other initiatives played vital role for the empowerment of poor in minorities communities in West Bengal.

Impact of SHG-Bank Linkage Programme on Poverty

It is a step to fill the financial gap between "unbanked" poor and the formal banking system. The definition of SHG as approved by National Bank for Agriculture and Rural Development (NABARD), is "a small, economically homogeneous and affinity group of rural poor voluntarily formed to save and mutually agree to contribute common fund to be lent to its members as per group decision for their socio-economic development". As the name indicates, self-help group is an informal group of about 15-20 people from a homogeneous class, who come together for addressing their common problems. Group itself becomes a base to convey necessities and sort out social economic problems of their group members. Now, it is used as a popular model of micro financing system in all over the world especially in the developing countries. In India, SHG model was developed on the basis of Grammin Bank of Bangladesh, which was founded by

Prof. Mohammed Yunus of Chittagong University in the year 1975. Main aim of the group formation is to provide mutual understanding, support, help and aid for each other. The members contribute their savings in the group periodically on regular basis and from these savings small loans are given to the members. In the later period these SHGs are provided with bank loans generally for income generation purpose and livelihood betterment. SHGs also provide training to its members so that they can start new business, increase productivity, increase their sale and income and meet their desired needs. India's Self-Help Group (SHG) movement has emerged as the world's largest and most successful network of women owned community-based microfinance institution. Self Help Group Bank Linkage programme (SHG-BLP) is a landmark model initiated by the NABARD in 1992 to deliver affordable door-step banking

services and has largely achieved the stated goals of financial inclusion. It is a home-grown self-help movement with an objective of creating sustainable livelihood opportunities for the rural poor. Started as a bank outreach programme, SHG-BLP transcended itself into a holistic programme for building financial, social, economic, and of late, technological capital in rural India. It's a matter of pride that with the active collaboration of NGOs, Banks, the Governments and the NRLM, the SHG Bank Linkage Programme has now crossed the milestone of 1 crore SHGs covering more than 12 crore families with savings deposits of R23,324 crore and more than 50 lakh groups with loan outstanding of over R87,098 crore, of which, 88% was disbursed to rural women groups (up to 31 March 2019). Progress Report of SHG-BLP under micro finance in West Bengal as on 31/03/2019 is attached here with.

Table 1: Progress under micro finance in West Bengal as on 31 March 2019 Amt. Rs. Lakh

Savings of SHGs with Banks	Commercial Banks		Regional Rural Banks		Cooperative Banks		Total			
	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount	No. of SHGs	Savings Amount		
	483534	95295.71	277982	126382.44	214842	60221.49	976358	281899.64		
Bank Loans Disbursed	No. of SHGs	Loans Disbursed Amount	No. of SHGs	Loans Disbursed Amount	No. of SHGs	Loans Disbursed Amount	No. of SHGs	Loan Disbursed		
	158209	223551.18	242087	373396.91	97535	98628.70	497831	695576.79		
Bank Loans outstanding against SHGs	No. of SHGs	Loans O/S Amount	No. of SHGs	Loans O/S Amount	No. of SHGs	Loans O/S Amount	No. of SHGs	Loans O/S Amount		
	335176	355825.24	254403	403991.53	144699	98706.21	734278	858522.98		
Non-Performing Assets of Banks against SHGs (NPA)	Public Sector Commercial Banks		Private Sector Commercial Banks		Regional Rural Banks		Cooperative Banks	Total		
	Amount of Gross NPAs against SHGs	NPA as % age to Loan OS	Amount of Gross NPAs against SHGs	NPA as % age to Loan OS	Amount of Gross NPAs against SHGs	NPA as % age to Loan OS	Amount of Gross NPAs against SHGs	NPA as % age to Loan OS	Amount of Gross NPAs against SHGs	NPA as % age to Loan OS
	8855.13	2.49	162.76	94.94	9054.30	2.24	5789.84	5.87	23862.03	2.78

Data source: Status of Micro Finance in India 2018-19, A Publication of NABARD

Measures taken by government of West Bengal for upliftment of Minorities in the state

The government of West Bengal has taken major initiatives for the betterment of minority community in the state and set up West Bengal Minorities Development & Finance Corporation. It provides soft loans for self-employment, education loan for pursuing professional courses, stipends and scholarship, vocational courses and other facilities for the economic development of minorities.

Major Schemes of WBMDFC are discussed below

a. Term Loan Scheme

Loans i) up to Rs.1.00 lac and ii) above Rs.1.00 lac up to Rs.5.00 lacs. A Guarantor is required. Application time - throughout the year at BDO/ Panchayat Samity Office (for rural areas) and SDO office (for municipality areas) in prescribed format. [@ 6% interest p.a., repayment in 20 quarterly instalments in 5 years for loan above Rs.50,000/- and 5% interest p.a. up to Rs.50,000/-.]

b. Micro Finance Direct to SHGs

Small loans for income generating economic activities are provided directly to members of SHG, especially women.

Applications are submitted through Field Supervisor of WBMDFC. [@ 6% interest p.a. repayment in 18-24 months.]

c. Minority women empowerment programme

This programme is launched by MA&ME Department for providing soft loans to SHGs for undertaking any income generating activity. Subsidy up to Rs.15,000/- is given to each beneficiary. Applications are being received from districts throughout the year at BDO/ Municipality Office subject to availability of fund.

d. Educational loans

Maximum Rs. 2 lacs per year for study in India and Maximum Rs. 4 lacs per year for study abroad for pursuing professional courses like Medical, Engineering, Management, Nursing etc. Interest is free in case of timely repayment in two years. Application time - June/July of every year through website www.wbmdfc.net

e. Merit-cum-means scholarship

Scholarship up to Rs. 30,000/- (i.e. Actual course fee or Rs. 20,000/- per annum whichever is less plus Maintenance Allowance up to Rs. 10,000/- for Hosteller and Rs. 5,000/- for

Day Scholar) per year per student is given for pursuing professional / technical courses at graduate and post graduate level. Online application in July/August of every year through website <http://momascholarship.gov.in>

f. Post Matric Scholarship (CS)

Scholarship is given to students for pursuing studies from Class-XI to Ph.D. Scholarship amount ranges from Rs. 2700/- to Rs. 10,800/- comprising course fee and maintenance charge per year. The candidate should have obtained minimum 50% marks in the last final examination. Application through Online in July/August of every year. Website: <http://momascholarship.gov.in>

g. Post Matric Stipend (Under talent support programme)

This stipend is awarded to the students who are resident of West Bengal and have passed their last final examination and obtained below 50% marks. He / she should have continuance of his/her studies. The points followed for this programme is given below:

1. Scholarship is given to students for pursuing studies from Class XI and onwards up to Ph.D.
2. Annual Family Income up to Rs. 2 lacs.
3. 30% of scholarship is earmarked for girl students.
4. Scholarship is provided subject to availability of fund.
5. Scholarship is provided subject to availability of fund.

h. Pre-Matric Scholarship

Scholarship is given to students for pursuing studies from Class I to Class X. Yearly scholarship for Class I to V Rs. 1,000/-, Class VI to X Rs. 1,240/- for Day Scholar and for Hosteller Rs. 6,240/- per year. Application time July/August of every year at BDO/Municipality Office.

Haji Md. Mohasin Endowment Fund Scholarship

One-time Scholarship to top 100 Muslim Students of Class X pass out category out of which 70 students from Madhyamik Examination, 20 students from High Madrasah Examination and 10 students from Alim Examination from Senior Madrasah in order of merit may be provided with Scholarship @ Rs. 20,000/- each out of the said Endowment Fund.

Coaching for employment

Free coaching is given for employment (recruitment for School Teachers through School Service Commission and Madrasah Service Commission etc.). Students eligible for such type of recruitment are normally considered for obtaining this coaching.

Aikyashree Scholarship

Aikyashree scholarships is for Minority Students of this state to be offered by the government of west Bengal from the financial year 2019-20 onwards. Three types of scholarships will be provided under this scheme:

Pre-matric Scholarship (for meritorious students from Class-I to Class-X)

Post-matric Scholarship (for meritorious students from Class-XI to Ph. D), and Merit-cum-Means Scholarships (for pursuing technical & professional courses).

Scholarships will be provided to eligible students in order of merit and subject to the budgetary allocation provided by the State Government. For renewal, the applicant will be eligible for

the scholarship if he/she has obtained 50% marks in his/her previous examination.

Conclusion

Ideally, development processes reduce and remove economic and social injustice among all groups of marginalized communities. Minorities should come ahead and participate in growth inclusive programmes of Government, NGOs, SHGs, MFIs and other organizations which are working for their betterment. Around 97% of the state's Muslim population has been enrolled in OBC and 10% seat has been reserved for OBC minority in the state jobs and in higher education. The West Bengal Minorities Development & Finance Corporation has been providing soft loans for self-employment, education loan for professional courses, stipends and scholarship and other facilities for the economic development of minorities. The co-operative banking sector has played great role in the eradication of poverty and development of weaker section by providing loans to the poor at a much lower interest rate than the nationalized banks. West Bengal has topped the list in financing self-help groups in cooperative sector across India, said state co-operative minister Arup Roy at the first conference of the West Bengal Co-operative Bank Employees' Sangha in Kolkata on August 26, 2019, the minister said that the state has provided credit to more than 97,000 self-help groups during 2018-19, currently there are around 2.20 lakh self-help groups which are the beneficiaries of the loans provided by the cooperative banks," However, we can conclude that the present condition of minorities is little better after the implementation of the above schemes of micro finance through self-help groups and it could pave the way to change the fate of the community in future.

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