

From: S. Chinnan, Centre for Rural Education Research and Development (CENTREREDA)

CREDIT AS AN INSTRUMENT OF SOCIAL CHANGE

After Independence economic condition of our country has been deteriorating at a greater level due to various factors such as introduction of mixed economy, undetermined plannings, Globalization and Privatization. The gap between the rich and poor is widening at an alarming stage. The Government's initiation of programmes such as Green revolution, cluster level approaches, more emphasize on industrialization rather than Agriculture meet the immediate needs of the people. In all the plans of Government has focused through male domination rather than women. For, women are neglected due to the doubt of credit worthiness.

Status of Women:-

Socio-religio, cultural factors influence the women - right from the birth and restrict their role with the primary groups such as family, neighbours and friends and also their interactions in the larger society, rites and rituals of all caste and classes. The discrimination, neglect and low status in the society are supported by mythological sanctions. On other hand women contribute substantially to growth of the household economy especially in rural areas. Their contributions are neither acknowledged nor compensated. This is a continuous, un recognized, on paid and un rewarded process.

Status of Women in Our Target Areas:-

The main target people of our programmes are the women in 250 villages in Dindigul District, Tamil Nadu. The women in our target area are poor in health, education, economic and cultural aspects. More than 90% of the women in this region are employed only in agricultural sectors. Not only that the women had a secondary role in household decision making process, lack of leadership and capacity building and so on.

Micro credit as a means of Economic Empowerment:-

Typically, in poor rural families women's economic contribution play major role where as male contribution to household income is low as most men spend almost most of their income on personal consumption like smoking, liquor, gambling, extravagantly. As a result the family heavily depend heavily on children for survival and significant number of women are sole contributors of family income. Consequently the main pre-occupation and concern of women worker's access to formal credit is also their major concern thus a various credit options become a great relief to women folk in rural areas. And it helps them to get out the clutches of the money lenders and the middle men.

In order to bring about the economic and social betterment of women to improve the welfare of their families and their status both within the family and in the community we have developed systems based on Bangladesh - Grameen model. In this model 300 groups have been formed with 5 members in each group.

The members in each group follow the compulsory weekly savings of Rs.10/- . This method helps them to develop their regular saving habits. Each group consists of a leader and she extends helps and guidance for the proper coordination of the group.

Loan procedure:-

We provide loan assistance of Rs.2000/- to 4000/- as a first time loan. Second time loan is from Rs.5000/- to 10000/-. Loan is provided only for productive purposes. The duration of loan period is for 50 weeks and the rate of interest is 12%.

Review of Credit Worthiness:

- The group leader assesses the need, capacity and productivity of individual members before recommending the loan demand.
- Group members review each other's ability to earn before offering their mutual guarantee or security.
- The first time loan is given to the members based on group pressure technique. First loan is given to only 2 members in each group. Based on their regular repayment, loan is given to other members in that group and this procedure helps us for timely repayment of 100%.

Impact :-

1. Saving habits has been developed among the women.
2. Sensitization has been created among women on 100% loan repayment.
3. Exorbitant interest burden (100-160%) inflicted by the moneylenders has been reduced.
4. Collective consciousness and collective action has been developed among the women.
5. A great deal of autonomy has been created among women to have control over the household matters.
6. The women have gained greater respect, power and decision-making authority not only within their own homes but also within their community.

Sustainability:-

In the long run the benefit this system will cover a huge number of beneficiaries. Income from the loans and savings cover almost all the operating cost which is the major programmes reaching the poor. And it will develop into a people's bank and it will full fill the needs of the people properly at the right time. And this system prove itself to a instrumental to social change.

S. Chinnan is the director of the Centre for Rural Education Research and Development (CENTREREDA), Dindigul District, Tamil Nadu, India centrereda@eth.net