

Achievements of Microfinance in the District of Muzaffarpur

Nitesh Kumar

E-mail Id:-niteshbihar@rediff.com

Abstract

The Micro Finance Institutions (MFIs) accesses financial resources from the Banks and other mainstream Financial Institutions and provide financial and support services to the poor. Rural poverty in India continues to be significant despite of the fact that effort has been made over past decays to eradicate the poverty. Poverty is the main cause of concern in improving the economic status of developing countries. A microfinance institution is an organization that offers financial services to low income populations. Almost all give loans to their members, and many offer insurance, deposit and other services. Microfinance is increasingly being considered as one of the most effective tools of reducing poverty. It has a significant role in bridging the gap between the formal financial institutions and the rural poor.

Key Words: Poverty, GJKP, Empowerment, MFI, SHC etc

Introduction:-

GRAMIN JAN KALYAN
PARISHAD MUZAFFARPUR
(GJKP) is established in Sahebganj,
Muzaffarpur in 1984 with the thought
of a vision to empower the marginal
and resource less sections of the
society equipped with education,
motivation and skill to lead dignified
life in the society with self respect.
To help towards establishing a

society where the poor, resource less
and deprived sections of the society
may valued and provided with a
prospect to grow and become
prosper by initiating the values of an
egalitarian society in existing social
structure. Since GJKP started its
journey of development in the year
1984-85 under took one Panchayat
with the financial assistance from

DRDA to implement TRYSEM programs, over a period the activities spread in six blocks of sub division west Muzaffarpur. The TRYSEM program continued along with other programs like Construction of Biogas, Smokeless Chulha, implementation of Creche for 0 to 6 years children and Vocational Training with the financial support from CSWB, New Delhi. Many other Agencies come forward to support GJKP to spend its working area. Presently GJKP activities are in many districts of Bihar State.

The globalization and scientific advancement on all fronts and the prevailing socio-economic conditions reflects the reality of human living, the affluent and up word state of community advancement have access to the best available resources in the field of education, health, Information Technology and what not? As against the poor, disadvantaged and resource less households have no excess to the means of livelihood what to say of basic amenities like good food, shelter and clothes. There has been a process of migration from the poor communities on large scale for the other parts of the country in search of wage employment, leaving behind the children and aged family members at home, usually leaving

the place soon after the onset of monsoon and coming back by the welcome of cold season¹. Promotion & Linkage of Self Help Groups: Rural poverty in India continues to be significant despite of the fact that effort has been made over past decays to eradicate the poverty. To begin with IRDP in the year 1980-81, Govt. of India launched TRYSEM, DWCRA, SITRA and GKY added over a period for the eradication of poverty by way of Self employment to youth through skill up gradation are now no more in operation, however, SGSY introduced in the year 1999 with the sole objective to help the BPL communities which has been implemented by GJKP and able to develop a sizable number of SHGs in its operational area.

1-(a) SHGs under SGSY:

GJKP promoted 845 SHGs in Shebganj, Motipur and Mushari blocks of Muzaffarpur district out of which 445 SHGs credit linked under SGSY scheme with the help of DRDA, 400 SHGs with the help of RMK, RGVN, Trust Micro Fin Network etc. however, GJKP formed 225 SHGs during the reporting period under SGSY scheme with the financial support from DRDA Muzaffarpur, Sheohar and East

Champan Districts. GJKP organized basic orientation training for the SHG members to make them aware of income generating program as well as to manage the affairs of SHGs including the process of saving, inter loaning and record keeping as well as to start income generating activity.

1-(b) Joint Liability Groups under Micro Finance Program:

Trust Micro Fin Network Lucknow, assisting GJKP from the year 2006-07 with a very small amount now assisting by a sizable amount resulted in to the formation of JLG-125 and 225 Self Help Groups as well as in support of RGVN, Patna during the reporting period, disburse to the extent of Rs.1.62 crore as loan to the JLG and SHGs. Ministry of Commerce and Industry entrusted a program “support to Artisan” to GJKP during the reporting period with number of components able to promote 204 Self Help Groups in the Proposed Project area i.e. three blocks of Muzaffarpur and all the five blocks of Sheohar district.

2. Micro Finance Program:

Keeping in view the major challenges foreseen over a period of

time in the working area of GJKP, reshape the entire thinking process to help the poor and resource less families of the area by way of working capital made available to those who wish to start their own enterprise.

a) Family Counseling Centre:

GJKP implementing the family counseling program in five blocks of Sheohar district in Bihar State bordering Nepal assisted by Central Social Welfare Board New Delhi. The counseling centre is ably managed by counselors and the field staff to look in to the family disputes amicably. The process is being well supported by the district Police, Judiciary, local leaders, religious leaders and lawyers of the district. It has been observed that the conflicts are mainly related to family relationship, dowry, husband wife relationship, mother-in-law-daughter-in-law relationship and even land disputes. The process of deciding such disputes are basically based on democratic pattern.

b) Implementation of Crèche Program:

GJKP implementing 5 Crèches continuously in Sahebganj, Kudani, Motipur, Minapr block of the Muzaffarpur district assisted by Central Social Welfare Board, New Delhi enrolling 25 children of 0-6 years of age group at each Crèche Centre. The crèche are managed by a Teacher and assistants. The crèche are run in Navanagar, Pratap patti, Rajpur, Bishunpur, Kalyan and Halimpur Panchayats of the block. The children are sent to Government primary schools on the attainment of 6 years of age..

c) Condense Course:

The condense course is being run continuously for 25 women participants each year, assisted by Central Social Welfare Board New Delhi, for those women who has completed their 5th standard but unable to continue her study, however, the drop out women will complete her eighth standard education, Thus GJKP helping 25 women each year to attain 8th standard education and to become self reliant.

d) Child Labour School:

GJKP managing two child labor school one each at Tinkothia of Muzaffarpur and Mahaddipur of Motipur block of Muzaffarpur District consists of 20 boys and 30 girls in each school for those children who never been to school, some how managing their meals through rag picking and other such activities. Such children are admitted in Govt. schools for basic education, soon after the completion of education in GJKP, GJKP facilitating children by providing mid day meal and other facilities and education by able teachers as well as vocational skill by the trained instructors to enable them to develop their skill so as to earn livelihood.

e) Palanaghar:

GJKP started running a Palanaghar at ANM training centre, Muzaffarpur to facilitate those children whose mothers are engaged in teaching and other type of activities at the hospital. The grant has been released for 20 children by the Mahila Vikas

Nigam, Patna, initiated only in this reporting period.

f) Child Help Line:

GJKP very recently entrusted to run a Child Help Line program under ICPS scheme of Ministry women and child development at Motipur block of Muzaffarpur district assisted by Child Help Line India, Mumbai to facilitate Juvenile Act, 2000. The Child Help Line will facilitate the children who are deprived of their right or those who are orphan, street children or otherwise a child has conflict with law in one way or the other.

Jeevan jyoti kala Kendra

Jeevan Jyoti Kala Kendra (JJKK) is a civil society organization established in year 1991 working with rural and urban poor community in 4 district of Bihar including Muzaffarpur which is specifically involve in microfinance and livelihoods. JJKK starts his journey from the vocational training programme provided to the women & girls near by the organization for liaising them to livelihood activities for income generation. At present the organization provides small loans to the SHGs/JLGs member for income generation activities.

JJKK is to work with rural and urban poor women, who are specially disadvantage and economically exploited. It believes in holistic development of excluded community. JJKK support development activity like capacity building, education, health, livelihood etc. *The* work towards all around empowerment of poor women entrepreneurs of Muzaffarpur, involved in Livelihood.

- To provide financial services for rural and urban poor women.
- To create self employment opportunities for the underprivileged.
- To trained the poor rural and urban poor in simple skill and able them to utilize all available resources and income generation.

Improve educational status of children through formal, non-formal and vocational education

. JJKK in the field of microfinance in the district of Muzaffarpur : The JJKK providing financial support for Income generation activities like Bangle Making, Papar Making, Bari Making, Sweet Making, Tea & Snacks Making, Cutting & Tailouring of Cloth etc. as a Micro Loan to SHG/JLG beneficiaries, Size min. 8000/- and max. 12000/- per

member. Before disbursement of loan, we provide group training with grading method

3. ICDS (AWTC) : The organization has been selected under ICDS (Integrated Child Development Scheme) scheme of the Govt. to train Anganwadi (village level female workers) workers. The training centre which is situated in Sitamarhi district has imparted training to a total of 400 Anganwadi workers. As a result of the taught and intensive training being imparted these workers are now running the Anganwadi Centres back at their place in a proper and disciplined manner with a great amount of devotion and vigor. These workers are also made aware and sensitized on the issue of “Child Adoption” and as a result awareness among the people of the area has vastly increased on the issue.

4. Adoption : The Organization is actively associated with Bihar Voluntary Coordinating Agency (BVCA) which is recognized by Govt. of India under the National level program of child adoption. The organization has applied to CARA (Delhi) for financial support to run a Shishu Grih (Home For Children) to promote in country-adoption. JJKK is working as a placement Agency

of BVCA, the organization organized a one day seminar to spread and enhance awareness on the issue of “Child Adoption”. A total of 450 men and women took part in it from all the North Bihar Districts. District Welfare Officer (DWO) also attended the program. During the period the organized received a total of 4 babies through the District Administration, Muzaffarpur.

5. PRAKALP (Total Sanitation Programme) : The Organization under PRAKALP programme with support from the district Administration, Muzaffarpur and UNICEF, Patna carried out awareness building among the people of 2 panchayats of Muzaffarpur District to keep their environment and surrounding clean. They were made aware that by having their own toilets in their homes and by keeping their homes clean, advent of many of the deadly diseases can be averted. The Organization under the PRKALP programme helped build 650 low cost toilets in Majhouli and khetul panchayats of Muzaffarpur District. Under the Sampurna Swachata Abhiyan Programme JJKK was chosen for Nirmal Gram Puraskar.

6. Insurance Facilities: We are also provided the micro insurance facilities to the outreach poor people with the help of Birla Sun life Insurance.

Nidan's Micro-Finance Programme:
 At a Glance

No. of SHGs is 4668.

No. of Members 58888 approx.

Existing partners RMK, RGVN, HDFC, ICICI, Indian Bank, ABN AMRO (RBS) Bank.

Proposed partners SBI, PNB, SIDBI, CBI and other financial institutions.

No of Staffs 106.

No of Districts 06 in Bihar covering 18 Branches.

Present Beneficiary - SHGs outreach 12712.

Loan Size Min. of Rs.3000/- & Max. of Rs.25000/-

Rate of Interest = 15 % p.a.

Economic pursuance of people from the poor sections of the society requires amicable support system to develop them as sustainable profitable pursuance. They need financial services.

Nidan plans to initiate a comprehensive microfinance operation which necessitates the

organization to revamp its strategy. The Board of *Nidan* decided to register *Nidan* under the Company's Act. *Nidan* Micro Finance transformed the activity into *Nidan* Micro Finance Foundation (NMMF) on 20th March 2009. The NMMF registered under Section-25 of Companies Act, 1956. Some highlights of *Nidan*'s Achievement in SHGs & Financial services:

Self –Help Groups: *Nidan* began organizing the informal workers into Self- help groups in 1996 and till date 4688 groups organized in 6 districts of Bihar with the strength of 58888 members.

Financing by banks: In those days when MFI activity was not supported by Banks, we thought the best method is to link members with the Banks directly and we began by linking members with Bank of Baroda in 1997 and this linkage grew stronger and today almost all the banks provide loan to Self- help Groups promoted by *Nidan* across all the districts.

Sl. No.	Product name	Interest rate	Installment	Repayment period
---------	--------------	---------------	-------------	------------------

		(Flat)		
1	Petty business	15%	Weekly	12-18 months
2	Agriculture based	15%	Quarterly	12 months
3	Animal husbandry	15%	First after 3 months onwards weekly	18 Months
4	Others	15%	Weekly	12-18 months

GrThe Insurance Nidan realized that without insurance coverage, members are prone to much vulnerability which exposes them to the risk of disrupting their livelihood. Nidan began insurance program in 1999 by linking members with LIC and NIC; but later went on to various tie ups adding many products including asset insurance.

Individual Insurance: We began individual insurance in 2001 with LIC and added products like Jeevan Madhur and Jeevan Mangal.

Thrift and Credit Co-operatives: With the time we realized that Self help Groups leaves behind many poor who are unable to cope due to many reasons and thus started registering Thrift and Credit Co-operatives. Till date we have registered Thrift and Credit Co-ops

in Patna, Delhi, Vaishali, Muzaffarpur, Samastipur, Khagaria and we are in process of setting up six more Thrift and Credit Co-operatives.

Pension: We have just begun the pension scheme of UTI and plan to take on a larger scale soon.

Remittance: Having formed Self-Help Groups and Thrift and Credit Co-operatives, now we plan to start remittance services for our members Nidan Micro Finance foundation (NMFF) Nidan Micro Finance has been known for its quality services and close relationship with the community. Nidan has adopted the client focused approach by introducing various customized products and services. In the near future, NMFF plans to introduce more products and services like

remittances, short term loans to cater the seasonal markets (e.g. fruits and vegetable growers, jute based production) etc. However, it has to be ensured that new product introductions should not increase the administrative cost of maintaining MIS, repayment collection or training of Organizers.

Product Details for 2011-12

Source:- Directorate of Economics & Statistics Bihar, Patna. SHGs at workToday, inspired village women across Saraiya have got together in groups of 10 and formed around 35 SHGs that are working on integrated farming and agri-business. They get the capital to run their farms from bank loans and government support from the Swarna Jayanti Swayam Rozgar Yojna. A happy Meera Devi, 40, of the Pipra Khusboo SHG, says, “We were simple housewives until Kisan Chachi taught us how to grow vegetables and fruits. We are now self-reliant and can earn up to Rs 3,000 a month.” Manju Devi, a group member, adds, “Life has changed here. Women have started earning. It is true that we were only experts in household chores but now we also sell our home-made products in the market.”

Dharamshila Devi of Poonam Basuchak SHG says, “There was a time when we were totally dependent on the government’s NREGA scheme for work and it’s common knowledge that even on these jobs, there is bias against women. We have now started working on our own, even if we take up NREGA work.” Today, the fields of Saraiya block are never barren.

NIRDESH

Nirdesh is one of the reputed Organizations working in 09 districts of Bihar and felt its presence at the grass root in different socio-economic developmental programmes for the poor and marginalized sections of the community. For the past 14 years NIRDESH have been striving to alleviate the suffering of the poor and marginalized population by way of organizing and formation of women owned Self-Help Groups, nurturing them and constantly providing skill up-gradation training for taking up different Income Generating Activities for improving economic condition both individual and at Group Level. After the bifurcation of Jharkhand as State from Bihar the natural resources and mines gone into the share of the

divided State and Bihar remained as
 purely agricultural based.
 Considering this factor NIRDESH

put concerted effort to involve the
 rural marginal farmers in agriculture
 and its allied activities

Microfinance Programme running status north Bihar

District	Blocks	Programme
Muzaffarpur	Kanti, Marwan, Motipur, Mushhari, Kurhani, Saraiya, Bandara, Paroo, Sahebganj, Sakra, Bochaha, Gaighat, Minapur	Aajeevika, Link Workers' Programme, Deep, DRDA/SGSY, Education & Health Programme for Girl Child, Panchayati Raj, Village Knowledge Centre, Reproductive Health & Shelter Programme, Swadhar, MNSY
Champanan	Motihari, Raxaul, Chakia, Piprakothi, Adapur, Bankatwa	Jan Shikshan Sansthan, Deep, NABARD, Heifer Cornerstones Programme, Indians Learn to Avoid Trafficking & HIV/AIDS, WomenPowerConnect, MNSY
West Champanan	Majhaulia	SHGs
Sitamarhi	Suppi, Majorganj,	SHGs, Community

	Sursand	Development & Non-formal Education Programme
Darbhanga	Hayaghat, Bahadurpur, Benipur, Darbhanga Sadar, Keoti	Swayamsidha, Deep

Source:- National Institute for Rural Development, Education, Social upliftment and Health ANNUAL Report 2012

CONCLUSION:

GJKP promoted 845 SHGs in Shebganj, Motipur and Mushari blocks of Muzaffarpur district out of which 445 SHGs credit linked under SGSY scheme with the help of DRDA, 400 SHGs with the help of RMK, RGVN, Trust Micro Fin Network etc. however, GJKP formed 225 SHGs during the reporting period under SGSY scheme with the financial support from DRDA Muzaffarpur, Sheohar and East Champaran Districts

References

[1] Crabb, P. (2008): “Economic Freedom and the Success of Microfinance Institutions”, Journal

of Developmental Entrepreneurship, Vol. 13, No. 2, pp- 205–

[2] Cull Demirguc-Kunt and Morduch (2009): “Microfinance Meets the Market, But With High Transaction Costs” Gale Group, Farmington hills.

[3] Cyril (2008): “Social Entrepreneurship - Trends and News of Social Entrepreneurship” pp- 10- 20.

[4] Rhyne, E. (2001) Mainstreaming Microfinance, Kumarian Press, Connecticut, USA

[5] Microcredit Summit Campaign (2005), State of the Microcredit Summit Campaign Report 2005, Washington, DC

[6] Directorate of Economics &
Statistics Bihar, Patn

[7] National Institute for Rural
Development, Education, Social

upliftment and Health ANNUAL
Report 2012