



ROLE OF VICIB IN THE ECONOMIC DEVELOPMENT AND EMPOWERMENT OF WOMEN IN KERALA

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Abstract

women have to play an important role in the promotion of family welfare. Micro finance provides opportunities for poor women to start self employment programmes, to arrange credit facilities for them and to assist them to play an active role in the poverty eradication programme and it helps to develop saving habits among them. It gives financial assistance to its members and save them from the hands of money lenders and debt traps. Sandhya Development Society formed VICIB (Vikas Credit and Informal Banking) as a federation of Self Help Groups. The VICIB is designed as a Bank of the women for the women and by the women.

Key Words :Micro Finance,VICIB.

Introduction

The development of a healthy national financial system has been viewed as a catalyst for the broader goal of national economic development for a long time. However the efforts of national planners and experts to develop financial services for most people have often guided in developing countries.

In most of the western or developed countries it is relatively easy to obtain credit from large banks. In developing nations, many people lack steady employment, a credit history or collateral. There is often no way for legitimate small business to obtain a loan. Lack of access to credit is often seen as a major problem for poor people, especially in rural areas. Traditionally, banks have not provided financial services, such as loans, to clients with little or no cash income. There is a brake even providing loans below which banks lose money on each transactions they make. Poor people usually fall below that break even point. Most poor people have no assets that can be secured by a bank as collateral. The bank will have little resource against defaulting borrowers. Because of these difficulties, poor people rely on local money lenders whose interest rates can be very high.

In every sense, study of micro finance is very important. Micro finance integrating the financial needs of poor people into a country's mainstream financial system. Micro Finance is the provision of financial services to low income clients or solidarity lending groups including consumers and the self employed or unemployed people, who traditionally lack access to banking and related services. More broadly, micro finance refers to movement that envisages a world in which low-income households have permanent access to a range of high quality and affordable financial services offered by a range of retail income providing activities. These services include saving, credit, insurance, remittance, payments and others.

Objectives of The Study

1. To study about the role of micro finance in everyday life of common people.
2. To identify the clients satisfaction towards the services provided by VICIB
3. To identify the income variations as a result of Micro Finance.
4. Socio-economic status of clients of VICIB
5. Lending process of VICIB

Methodology

VICIB situated at Kodumbidy, a small village near Pala. It has 10 zones and 104 branches. Samples are collected from two branches of Kadanadu Gramapanchayat in Kottayam district. Total sample size is 100.

Sandhya Development Society-Organizational Profile

Sandhya Development Society is one of the pioneer organization in the state of Kerala to facilitate better quality of life in all its realms through community mobilization and participatory governance based on sustainable natural resource management. In 1991 it started as a sports club at Kodumbidy, a small village near Pala. Later they realized that it is their duty to help their fellow beings and to do something for the betterment of the society as possible. In 1996 they entered into the field of micro finance with the establishment of VICIB – Vikas Credit and Informal Banking. In 2001 it was renamed and reconstructed as Sandhya Development Society. The programme for Sandhya Development Society is now operation in four districts- Kottayam, Idukky, Ernakulam and Pathanamthitta. It has ten zones, 104 branches and 6000 groups with 10000 members.



Sandhya took up its first mission of offering free evening classes to the school dropouts who could not study further due to poverty and had to take up menial jobs. Thus formed the Sandhya Schools which empowered several youths among the poor to clear the S.S.L.C exams and were successful in obtaining jobs. Sandhya Blood donors group was also started during this time and still functioning actively, offering blood to the needy in emergency. Further, Sandhya was also instrumental in initiating a Farmer's Club. The first of this kind in the state, under the aegis of the Vikas Volunteer Vahini Scheme of NABARD.

This club was responsible for conducting farmer's meeting, exhibitions and competitions, training schedules and was able to bring significant changes in farm practices in the area. Besides, Sandhya Bus Passengers Association was responsible for dealing with various issues concerning daily commuters.

The first Self Help unit of VICIB was set up at Kodumbidy on January 26, 1996, with the Head office at Puthenkandam. Within a year, twenty five groups were formed. The rural illiterate women in the area who had all along been dependent on their husbands for all their needs found it unimaginable that they could independently earn their own income by working under the new scheme. Slowly the initiative spread to nearby panchayats as more and more women realized the value of independence and income. Branches came up at Ramapuram, Erattupetta, Moolamattom, Bharananganam, Meenachil and other Panchayats. The total number of units stands at eighty one at present including Kid's groups and Teenage groups. Today the VICIB Self Help Groups form one of the strongest forces binding people and communities together at the grass root level. The development model adopted by VICIB crosses all boundaries of caste and religion. The groups conduct weekly meetings and collectively celebrate religious occasions and all festivals which indicate cultural harmony.

Vision

A society where individuals and communities discover their worth and potential and jointly work towards building heaven on earth.

Mission

To empower the marginalized, particularly women, youth, children, small farmers and agricultural labours, economically and socially.

1. To enrich and ensuring happiness and meaningfulness in relationships.
2. To work towards holistic and sustainable development of the community.

Strategy

1. Main strategy is to organize rural women into Self Help Groups(SHG) and inculcate small saving, micro-credit and self employment for economic empowerment creating culture of creativity and community.
2. Give great importance to income generating schemes by giving training in self employment and implementing projects that give part time employment. To implement a social working system avoiding middlemen.
3. Actively engaged in community health programmes such as palliative care units and health camps.
4. Concurrently establish learning community at grass root level by converting Self Help Groups into learning groups with stress on environment and protection.
5. Social change through personal change is Sandhya's strategy.

VICIB- In The Field of Micro Finance

Sandhya entered into the field of micro finance with the establishment of VICIB- Vikas Credit and informal Banking. VICIB was setup in 1996 for meeting the credit needs of poor women. They provided financial assistance of Rs.25.74 crores. These measures have made women economically independent and self reliant.

Sandhya formed VICIB (Vikas Credit and Informal Banking) as a federation of SHGs. The VICIB is designed as a Bank of the women for the women and by the women. The funds of the SHGs are deposited in VICIB and loans are issued to the groups. Today VICIB has 46 branches offices in Kottayam and Idukki and more than 1500 SHGs are affiliated to Sandhya. The administration of VICIB is done by elected bodies of various levels and the Syndicate, the apex body, is headed by the chair person. Loan applications of the SHGs are sanctioned by the Loan committees at area level.

Democratic Way of Functioning

The speciality of VICIB lies in its democratic set up and election of hierarchy consisting of sectors made of different groups, branch representatives, central senate and central syndicate. Training is given to the members on how to maintain records and accounts so as to ensure transparency. This will be of great use to the people while working in other offices and even at home. The excellent training given to the women members ensures their easy access to and active participation in the Panchayati raj,

Grama sabhas so that they can freely voice their ideas. The practical ideas and guidelines contained in the vision and mission of VICIB, once imbibed by the members, paves way for their contribution in national development too. The pioneers of VICIB Self Help Groups have carried forward their high levels of dedication beyond vested interests and have inspired the future members in carving a bright future for the organization.

The VICIB groups functions beyond religion, caste and political barriers ;offer guidelines to the groups to become fully sufficient ; giving training to empower women's groups; create awareness on the citizen's role in contributing to national development and to create opportunities for employment and job training; to arrange schemes for loans and marketing schemes and sensitize the members on consumer exploitation and interest rates.

Programmes

Mahatma Gandhi had placed great emphasis on the fact that India lives in the villages and that it was only through the development of women that development of society could take place. Keeping this Gandian values in perspective, VICIB has always provide great importance to the role of women in society and has taken all efforts to contribute to their empowerment in various ways. VICIB organized a series of programmes for the empowerment of women. Important programmes of VICIB are: Community Banking , Social Marketing, Better Home Project, Herbal Project, Micro Insurance, Personality Development Training, Palliative Care unit, Ambulance Service, Self Employment Training, Formation of Self help Groups, Chakian broom project, Rural Information Technology, Youth Development Centre, Youth Welfare programmes, Kids and Teenage clubs and Agricultural and Kitchen tool making.

Insurance Scheme

Sandhya has conceived and implemented a micro insurance for the members of the Self Help Groups with a nominal premium. Encouraged by the response to the scheme, they began to implement LIC schemes and organized corporate agent of the LIC.

VICIB-Loan Process

VICIB provide loans to common people in easy terms. The main objectives of VICIB are 1. Upliftment of backward people and 2) Secure financial progress.

Table No.1 The Amount of Deposit Required For Loan Sanction

Loan Sanctioned	Required amount of deposit
Up to 5000	1250
6000	1600(1250+350+)
7000	1950(1250+350+350)
8000	2300(1250+350x3)
9000	2650(1250+350x4)
10000	3000(1250x350x5)
11000	3200
12000	3400(3200+200)
13000	3600
14000	3800
15000	4000
20000	4200

Source : VICIB Samranika

Terms and Conditions

1. VICIB loans are only limited to its members.
2. A group must have minimum 10 members
3. Provide loans to its members only after the completion of the terms and conditions.
4. Application should contain name and address of each members, details of loans taken if any, status of repayment along with identity proof of the applicant.
5. First VICIB provide Rs.5000 as loan .VICIB provide loan to its members above 5000 upto 20000 only after the repayment of first loan.
6. Application form should submit to the loan committee. Loan committee checked the application form and after 15 days committee sanctioned the loan.

Table No.2 The VICIB- Zones and Branches

Sl. No.	Zones	No. of Branches
1	Kaduthuruthy	12
2	Ettumanoor	12
3	Kottayam	12
4	Changanacherry	7
5	Ponkunnam	8
6	Kanjirappilly	10
7	Erattupetta	13
8	Thodupuzha	12
9	Muttom	7
10	Kodumpidy	11
Total	10 zones	

Source : VICIB Smaranika

Deposit

1. Members deposit money at the time of group meetings. Those who have continuous deposits are only eligible to apply the loan.
2. Loan sanctioned as per the ratio of the deposit recorded in the pass book.
3. Loan committee checked the application form and after 15 days, committee sanctioned the loan.

Primary Data Analysis:Socio-Economic Status of VICIB's Clients

Table 1-Age of VICIB Clients

Age Group	Percentage
30-39	27
40-49	43
50-59	30
Total	100

Source:Primary Data

Table 1 shows that majority (43%) of the clients are included in 40-49 Age group. Table 2 explains educational status of clients. Majority of the clients (64%) are not passed the SSLC examination.

Table 2-Education Level of Clients

Education	percentage
SSLC	32
Not passed	64
Degree	4
Total	100

Source:Primary Data

Table 3-Past Occupation

Past Occupation	percentage
No	73
Yes	27
Total	100

Source:Primary Data

While considering past occupation majority of clients (73%) had no occupation before joiningVICIB.

Table- 4-Reasons Of Lack of Occupation

	Reasons for the lack of past occupation	percentage
A	Insufficient Fund	27
B	Lack of technical knowledge	18
C	Lack of awareness of opportunity	32
D	Others	23
Total	Total	100

Source:Primary Data

Table 4 shows that majority of(32%) the clients had no occupation due to lack of awareness of opportunity.

Table 5- Income Before the Client Of VICIB

Income Before the client of VICIB	percentage
No Income	73
Had income	27
Total	100

Source:Primary Data

Table 5 shows that majority of (73%)the clients had no income from any source before the clients of VICIB.

Table 6-Difference in Income After and Before Joinig VICIB

	Annual Income	Before the Client of VICIB (Percentage)	(Percentage) After the client of VICIB
A	No Income	73	0
B	Below 5000	7	10
C	5000-50000	13	40
D	50000- 1 lakhs	7	30
E	1 lakhs -10 lakhs	0	13
F	Above 10 lakhs	0	7
	Total	100	100

Source:Primary Data

Before joining VICIB 73% had no income. After joining VICIB 100% having income. Before joining VICIB no one had income above 10 lakhs. Now 7% have income.

Table 7- Borrowing of Loans From VICIB

Take Loan from VICIB	percentage
Yes	93
No	6
Total	100

Source:Primary Data

Table 7 shows that 93% of clients took loans from VICIB. Only 7% didn't take loans because they are new members.

Table 8-Amount of Loan

Loan Amount from VICIB	percentage
Upto 5000	10
5000-10000	22
10000-15000	32
15000-20000	36
Total	100

Source:Primary Data

Table 8 explains that Majority of them(36%) took loan about 15000-20000.

Table 9- Loans Taken Before Joining VICIB

Loan Taken Before VICIB	percentage
Yes	60
No	40
Total	100

Source:Primary Data

Table 9 shows that majority of the clients (60%)of clients took loan from other sources before joining VICIB. Before joining VICIB clients took loan from money lenders and private banks.And the purpose of loan was to give education to children,house repair and to start small businesses.

Table 10- Sources of Loan Taken Before Joining VICIB

Before joining VICIB –take loan from	percentage
Money lenders	38
Private banks	33
Others	29
Total	100

Source:Primary Data

According to the clients the important reasons for taking loan from VICIB are low interest rate in loan, easy payment and less formalities.

Table 11-Repayment of Loan

Repay The Loan on Time	Percentage
Yes	93
No	7
Total	100

Source:Primary Data

93% of clients successfully repaid the loan taken from VICIB. Only 7% didn't repay the loan on time. 50% of the clients manage the funds taken from VICIB by themselves. And majority of the clients (57) are highly satisfied with the membership in VICIB.

Table 12-Business Management

Who manage the fund on business	percentage
Myself	50
Husband	32
Jointly	18
Total	100

Source:Primary Data

Table 13 Savings of VICIB Clients

No.	Savings (Annual)	Before-Percentage	After-Percentage
A	No Savings	77	0
B	Below 5000	10	3
C	5000-50000	13	53
D	50000- 1 lakhs	0	37
E	1 lakhs -10 lakhs	0	7
	Total	100	100

Source:Primary Data

Before joining VICIB 77% had no savings. After joining VICIB 100% having savings.



Conclusion

VICIB play an important role in the field of micro finance. Micro Finance is the world's most powerful and effective instrument for women empowerment, employment generation and overall development of society. VICIB provides financial assistance and opportunities for poor women to start self employment programmes, to arrange credit facilities for women and to assist them to play an active role in the poverty eradication programme. VICIB also helps the poor people to develop saving habits among them. VICIB save them from debt traps and money lenders.

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