



Research Article

ECONOMIC EMPOWERMENT OF RURAL WOMEN THROUGH EDYOU MICRO FINANCE IN NAGALAND, INDIA

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ARTICLE INFO

Article History:

Received 10th July, 2020

Received in revised form 2nd

August, 2020

Accepted 26th September, 2020

Published online 28th October, 2020

Key words:

Microfinance, Socio-economic, development, rural.

ABSTRACT

The present study was conducted in Tuensang District in the state of Nagaland, India. A total of 120 respondents from 20 SHGs were considered. 'Edou' in local dialect means 'people working together' or 'farming together'. In the year 2003, Edou micro finance was established with a view to cultivate the habit of saving among the members. In the present study, economic empowerment index was developed consisting of economic indicators. This study aimed to explore the economic empowerment gained by the rural women through the 'Edou' micro financing strategy. It was found that 68.33% of the respondents had medium level of economic empowerment level, followed by high empowerment level 16.67 per cent and last categories belong to low level 15 per cent. It was also found that 100% of the respondents procure loan from the Edou micro finance. The study concluded that, Edou microfinance has helped its members to improve their status and has enabled the women to expand and diversify their income generating activities and also boost their self confidence, and has offered a powerful, transparent model for micro financing.

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INTRODUCTION

Popularly known as the 'land of festival', Nagaland is the sixteenth state of India located in the North eastern region. 16 different tribes inhabit this place and live as one in harmony. Tuensang district is the largest and the eastern most district of Nagaland State in India. Microfinance concept in Tuensang district; Nagaland, India, came to light with the initiation of 'Eleutheros Christian Society' an NGO founded by Chingmak Kejong in 1993. The organization in its effort to empower women initiated the formation of SHGs in the year 1997. These SHGs have been working towards making tribal women self-reliant and self assertive. They had come together as a federation termed as 'Edou' which means 'people working together' or 'farming together'. In the year 2003, Edou micro finance was thus established with a view to cultivate the habit of saving among the groups and help in mobilizing the saved capital to utilize in a productive way. Due to the group involvement it gave the confidence among the group members to invest the capital for adoption of new and innovative activities.

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Working mechanism: A group of individuals can have a membership in Edou microfinance with an initial investment of not more than 20,000 and they will be observed for a period of 6 months by the ECS staff, according to their performance they will be eligible for the membership, in case of poor performance period of observation may be extended. The Edou micro finance is managed by the configured federation of SHGs in its decision making, functioning, generation of resources and finance management. The micro finance is administered through executive and seven finance committee (consist of Chairman and Secretary). One member from each SHG will be represented as the executive. The executive body is the governing body of the micro finance. In consultation of SHG members all decisions concerning the Edou micro finance is decided by the executive body. The executive body audits each group to oversee the functions and profit generated by the group through the accessed loan. Finance committee is elected by the members for a period of 3 years. The function of the finance committee is to disburse the loan amount, collect monthly interest and handles overall transaction of the Edou micro finance. Any loan will be released in the presence of at least 15 federation members and 5 members from the finance committee. Loan will be given for a period of 8 months at an interest rate of 2% per month and after the eight month the interest

amount of the loan will be divided among the groups based on the amount deposited by the groups. Any group failing to repay the loan on time is liable to pay fine. The loan can be advanced only by Edou members and ECS staff; the corpus loan rate varies according to the applicants –education (1%), business (2%), and ECS staff (2%). The applicants pay back in cash or can be deposited at the joint account maintained by the Edou. The groups can enroll in the Edou joint account by depositing their working capital in cash; the capital is deposited for a period of three years. During this period the groups are not allowed to withdraw till the maturity period i.e. 3 years. After completion of the maturity period the groups can withdraw their working capital from the account. The unique and dynamic feature of Edou is that the interest goes back to the group as a dividend after three years. The advances of the loan are based against their working capital. The basic concept is to generate capital from the fine paid by the defaulters or from the interest advanced from the loan. This study aims to explore the economic empowerment gained by the rural women through the ‘Edou’ micro financing strategy.

MATERIALS AND METHODS

The present study was conducted in Tuensang District in the state of Nagaland, India. A total of 120 respondents from 20 SHGs were considered. Descriptive Research design was followed. In the present study, economic empowerment index was developed consisting of economic indicators following index used by (Sindhav, 2017) with some modification.

Economic empowerment index

1. Self-reliance through income generating activities (X_{13})
2. Access to credit source (X_{14})
3. Increase of monthly income (X_{15})
4. Increase in risk bearing ability (X_{16})
5. Decision making related to expenditure (X_{17})
6. Ability to pay back loans on time (X_{18})
7. Asset building (X_{19})
8. Have money for personal use (X_{20})

The eight components (X_{14} , X_{15} , X_{16} , X_{17} , X_{18} , X_{19} and X_{20}) of economic empowerment and their weights (W_{14} , W_{15} , W_{16} , W_{17} , W_{18} , W_{19} and W_{20}) have been calculated as,

$$w_i = \frac{\sum_{j=1}^{120} X_{ij}}{\{Min[\sum_{j=1}^{120} X_{ij}] \text{ over all } i \text{ components}\}}$$

Where, w_i is relevant weight of the i^{th} component

X_{ij} = response of j^{th} respondents for i^{th} component

$i = 1,2,3,4,5,6,7$ and 8 components

$j = 1, 2, 3, \dots, 120$ respondents

The economic empowerment index (EE_j) for each respondents is calculated as

$$EE_j = \sum_{i=1}^8 (w_i \times X_{ij}) \text{ for } j^{th} \text{ respondent}$$

RESULTS AND DISCUSSION

A woman is said to be economically empowered when she gains power and control as a result of increased access to financial resources. The means of achieving economic empowerment are access to micro-credit, microfinance, increase in income, ability to make decisions regarding the utilization of money/credit, etc.. Various economic indicators viz., Self-reliance through income generating activities; Access to credit source; Increase of monthly

income; Increase in risk bearing ability; Decision making related to expenditure; Ability to pay back loans on time; Asset building and Availability of money for personal use were used to measure the economic empowerment of the SHG members.

Table 1 Categorization of the respondents based on their economic empowerment

N=120		
Category	Frequency	Percentage
Low	18	15
Medium	62	68.33
High	20	16.67
Total	120	100

Table 1 indicate that majority (68.33%) of the respondents had medium level of economic empowerment level, followed by high empowerment level 16.67 per cent and last categories belong to low level 15 per cent. Members have increased access to credit source through income generating activities; asset building increased through increased annual income; have money for personal use. However, they have less risk bearing ability as the income is not always constant as they mostly deal with agriculture products and sometimes are unable to repay back the loan money on time. Medium level of Economic Empowerment was also reported by (Shambharkar *et al.*, 2012); (Isapeule, 2017).

Table 2 Categorization of respondents based on source of loan procurement

N=120		
Category	Frequency	Percentage
Edou microfinance	120	100
Cooperative bank	0	0
S.B.I	0	0
Total	120	100

Table 2 revealed that majority (100%) of the respondents procure loan from the Edou micro finance. Since Edou micro finance covers their necessity regarding loan, the respondents does not depend on other sources for loan procurement.

CONCLUSION

This study was conducted with an objective to explore the economic empowerment gained by the rural women through the Edou micro financing strategy. The study concluded that majority of the respondents had medium level of economic empowerment and also solved their loan requirement. It was also found that, members had increased access to credit source through income generating activities; asset building increased through increased annual income; have money for personal use. Therefore, from the present study it may be concluded that Edou microfinance has helped its members to improve their status and has enabled the women to expand and diversify their income generating activities and also boost their self confidence, and has offered a powerful, transparent model for micro financing.

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How to cite this article:

Sepila Sangtam, Mary N. Odyuo and J. Longkumer (2020) ' Economic Empowerment of Rural Women Through Edou Micro finance in nagaland, india ', *International Journal of Current Advanced Research*, 09(10), pp. 23133-23135.
DOI: <http://dx.doi.org/10.24327/ijcar.2020.4577.23135>.
