

**Role of cooperative societies for women empowerment through financial inclusion: A
Conceptual study**

**Smt. Ranjitha B R
Dr. Devarajappa S**

Research Scholar, Dept of Studies and Research in Commerce, Tumkur University, Tumkur
Assistant Professor, University College of Arts, Tumkur University, Tumkur

Abstract

The objective of the paper is to study the role of cooperatives for empowering the women in India and it also highlights the concept of financial inclusion and women empowerment. For this purpose, the required data have been collected from various secondary sources such as books, research paper, Reports etc. and the study reveals that, The co-operative Movement in India has come a long way. The cooperative first and the oldest institution in the country to look after the rural mass and their financial needs. Due to vast credit rural network the Rangarajan committee strongly advocated for utilization in financial inclusion. Microfinance is emerged as powerful instrument for poverty alleviation and women empowerment. Cooperatives are the pioneers in self-help groups(SHG) - Bank linkage programs aimed at providing a cost effective mechanism for providing financial services to the 'unreached' women folks. Based on the experience and expertise the co-operatives will serve the rural masses and can play a very effective and useful role in financial inclusion, inclusive growth and women empowerment.

Keywords: Financial inclusion, SHGs, women empowerment, cooperative societies and bank microfinance

Introduction:

India is a vast country - a sub-continent by itself. It is the second largest populated country in the world, where more than 50% comprises women population. The Indian economy growing at the accelerated rate after changing gear in early part of the 21st century. As India forges ahead with the vision to become an economic leader in the next few years, the average level of prosperity attended by its population and the degree of equal distribution of wealth determiners determined by the scale of inclusive growth have to be achieved.

Financial inclusion is not a new phenomenon in India. It can be traced back to 1904, when India witnessed cooperative moment. This social movement designed for bringing about changes of a fundamental nature in the economy. Corporation is associated with human beings in all walks of life since times immemorial. After attaining the country's independence in 1947 our government have taken lot of initiatives and launched massive poverty alleviation program for improving socio economic condition for poor and vulnerable section. A focal event worth to mention is bank nationalization program in 1969 when 14 major commercial banks were nationalized and lead Bank scheme was subsequently introduced. As a consequence, branches were opened in large numbers across the nation, to reach the unreached areas and unbanked population.

The concept of financial inclusion was taken its own rapid pace. In the early 2000s India after some series of studies found the direct correlation between poverty and financial exclusion and proved that exclusion from the banking system results in a loss of 1% to the countries GDP. The Indian economy though achieve a high growth momentum during 2003-2004 to 2007-08 could not bring down un employment and poverty to tolerate but the 11th plan tries to restructure the policies in order to make the growth faster, broad based and inclusive by reducing fragmentation of the society,

Along with the government efforts Reserve Bank of India has undertaken numerous noble initiation to mention some such as fixing targets for priority sector lending to banks establishment of regional rural banks (RRBs) self-help group bank linkage programme, Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Jeevan Jyoti Beema Yojana (PMJJBY) Pradhan Mantri Jeevan Jyoti suraksha Bima Yojana (PMJJSBY), Atal Pension Yojana (APY) Mudra Bank. Small finance Bank and payment banks financial sector reforms cooperative revival package, NRLM to supplement the availability of financial services and to bring the unbanked people under the fold of formal financial system.

Objectives and methodology of the study:

The main objectives of the paper are

1. To know the concept of financial inclusion

2. To know the necessity behind women empowerment
3. To know the role of cooperatives on women empowerment and inclusive growth

To meet the above objectives of study, the required data have been collected from various secondary sources such as books, research paper, Reports etc.

Financial Inclusion and Women Empowerment: Concept

According to united Nations, financial inclusion means" financial sector that provides access for credit for all bankable people and firms and saving and payment services to everyone". Inclusive finance does not require that everyone is eligible to use each of the services but there should be able to choose them if desired. Although the target groups maybe different from country to country or region to region financial inclusion refers in its broadest sense, to the delivery of financial Services at affordable cost to the vast sectors of low income particularly weaker section.

In India committee on financial inclusion 2006 headed by Dr.C Rangarajan defined financial inclusion as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker section and low income groups at an affordable cost. CRISIL define financial inclusion 2013 as 'the extent of access by section of society formal financial services, such as credit, deposit, insurance and pension services. Financial product and services are identified as basic banking services like deposit accounts institutional loans access to payment remittance facilities and also life and non-life Insurance services.

Following are the denotation and connotation of financial inclusion in India

1	Saving bank account	7	Financial Advice
2	Credit facility	8	Credit and debit card
3	Cheque facility	9	Insurance facility
4	Overdraft facility	10	Access to financial markets
5	Payment and remittance	11	Empowering self-help groups
6	Pension for old age and investment schemes		

Availability of financial Services to all sections of people and particularly to the urban and rural poor is a prerequisite for enabling them to improve their economic condition, eradicate poverty and ensure social cohesion, small loans, small savings account, small insurance, small remittance facility to the low income families make a lot of difference and creates an impact in the livelihood conditions of such people.

Financial inclusion and inclusive growth of the vast section of economically deprived and rural people is indeed a stupendous task and it is not possible for the government with one or two institution to take care of this huge work effectively. A multi-agency approach is crucial and an active involvement and participation of the people are essential for success of the mission achieving the goal.

Women empowerment

Empowerment maybe described as process which helps people to assert their control over factors which affects their lives. Empowerment of women means developing them, as more aware individuals who are positively active, economically productive and independent are able to make intelligent decisions in matters that affect them. The word women empowerment has gained its importance in the ninth year plan of the country and that year 2001 is declared as women empowerment year.

In general, women empowerment refers to an increase an economic, social, spiritual and political strength of women which boost their self-confidence and self-esteem decision making power better access to resource improved ability to learn skills and positive attitude above all.

According to the UN definition women empowerment has five components

- ✓ Women sense of self worth
- ✓ right to hear to determine choice
- ✓ Right to have a access to opportunities and resources

- ✓ Right to hear the power of control their own lives both within and outside home
- ✓ Ability to influence the direction of social change to create more social and economic order nationally and internationally.

Empowerment of women is very necessary for the development of society. A women is empowered when she is valued and has a freedom to participate in public activities when women educated empowered because they know their rights women are also required to participate actively in the process of development namely policy making, planning, implementing and evaluation along with their male counterpart. The rising social status of women increasing educational opportunities, obtaining employment opportunities sharing economic resources, raising of standard of living, active participation of women in governance and so on constitute process of women empowerment' .

Why financial inclusion for women?

Women lead different economic life than men.

- As farmers - frequently division of labour within rural household means that women farmers leave it to specialize in the production of food crops and men in cash crops. Therefore often have first claim on the income generated from cash crops. While women hold food crops for consumption or exchange for other food crops.
- As entrepreneurs - according to Sahara estimate women are 6% less productive than men (using value added per worker as a measure of performance among enterprises)
- As income earners- gender differences in labour markets are documented with women generally earning less or specializing in certain type of employment. Business activities are also often divided along lines with certain type of trading or production after dominated by men or women
- As holder of assets - women are less likely to be the formal owner of land property or other assets
- As consumer - many studies have documented the different spending pattern of men and women can type of consumer goods bought an investment decisions made depending on control the cash within a household.

Role of Co-operatives for Women development

The Cooperatives are the first & the oldest institutions in the country to look after the rural masses and their financial needs. The Cooperative Movement is more than one century old and the Coops. Are present in almost all the villages serving the cause of the poor people since a long time. According to Rangarajan Committee on Financial Inclusion, the Cooperatives have vast rural network – exceeding one lakh in number which is more than double the rural branches of Commercial Banks & RRBs taken together. With the implementation of the Vaidyanathan Committee Recommendations, Coop. Reforms & Cooperative Revival Package, the Coops are bound to emerge as strong robust organization. The Rangarajan Committee strongly advocated for utilization of the vast Cooperative network in financial inclusion.

The United Nations have proclaimed 2012 as the international Year of Cooperatives with the theme “Cooperative Enterprises Build a Better World”. Our Cooperatives have been given Constitutional Status through 97th Constitutional Amendment Act of 2011. Truly speaking, the Cooperatives are the most potential organizations which can effectively look after financial inclusion and inclusive growth of the common people. The unique feature of our cooperatives is that they are members based, members-driven, autonomous, independent and democratic organizations. They have the experiences, strengths and potentials for serving poverty stricken people better and improving their socio-economic and cultural conditions speedily.

Cooperative Models for Women Empowerment

In the light of my working experience in the Cooperative Sector for over a decade, I have made an attempt to formulate two Models for women empowerment, Financial Inclusion and micro finance through the Cooperatives. The Model – 1 is for the Credit Coop. societies & the Model – 2 is for the Coop. Bank Branches.

MODEL-I

This Model is designed for the Primary Credit Cooperatives (PCCs) to function as Micro-Finance Organization (MFO) or Local Area Bank (LAB). Provide multi-purpose services to the target groups, unfold their enormous strength & potentials and utilize them in the development process.

The Broad Functions of the PCCs/MFO/LAB shall be as under:

- 1) To mobilize the resources in the shape of thrift, Savings, RD and Term Deposits like Banks on attractive terms from the members.
- 2) To extend hassle free credit linkages to the members depending on their Thrift habits and Entrepreneurial skill through KCC / Farmers Cards for Agri. and Farm activities and through General credit Card (GCC) for Non-Farm & Non-Agri. purposes including Consumption loans.
- 3) To supply consumer goods including PDS items & Cooking Gas to the people in the service area.
- 4) To deal in Funds transfer, Remittances, Insurance, Pension, Mutual Fund products, payment of electricity and other utility bills including transfer of Govt. subsidy components direct to the Beneficiaries accounts.
- 5) To provide procurement, marketing and processing support to the Farmers / Growers to get remunerative price of their produces and products and also to arrest exploitation of both the producers and consumers by the middlemen.
- 6) To provide the services to the members and prospective members at door steps or in a central place in each village through mobile Van/Carrier and also to appoint Agents and Business facilitators with demarked areas for expanding membership coverage and business volumes.
- 7) To work as SHPI for forming, supporting and nursing of SHGs, Farmers Clubs and Groups and encourage their thrift and savings habits, credit linkages and also to increase the membership so as to reach out to every household in the service area.
- 8) To undertake social business and welfare services in due course for the benefit of the people and make the villages in the service area self-contained in all respects so that the people are not required to migrate to urban areas for such services.
- 9) To undertake and carry on such other work or services as may be necessary for the benefit of the members and in accordance with the Society's Bye-laws and Coop. Societies Act.

The OBJECTIVE of this Model is to involve the beneficiaries in the Micro-Finance, facilitate their active participation in the mechanism and ensure availability of hassle free financial products and services nearer to their households to live a dignified life.

MODEL – 2

This Model is designed for the Coop. Banks Branches i.e. DCCBs, SCBs, LDBs and UCBs (Urban Coop. Banks) Thrift and Credit Coops & their broad functions shall be as under:

- 1) The LDBs which are not resource based organizations like DCCBs, SCBs and PCBs will require to introduce attractive deposit schemes like Banks, undertake mobilization of deposits from the members through approved schemes and strengthen their resource base and not to depend only on borrowed funds for their business operation and function as 'Members Banks'.
- 2) All the Cooperative Banks of the Region need to formulate new and innovative Deposit schemes like new generation Banks and strengthen their resource base. Innovation can be tried in Recurring deposit (RD) accounts by introducing weekly, fortnightly RD in addition to monthly RD accounts. Similarly, Pension Deposit deposits can be introduced on DBD / Re-investment principles, so that depositors will have the opportunity of getting Monthly Pensions for fixed period from the maturity date of their Pension deposit accounts.
- 3) Act as SHPIs for forming, Clubs and Groups in the service areas, inculcate thrift, and savings habit among the group members, ensure their credit linkages and provide basic financial products to them.
- 4) Extend Credit/Loan facilities to the affiliated Coops. As well as individual members through KCC/ Farmers Card for Agri. And allied purposes and through GCC for non-farm, non-agri. And consumption loans.
- 5) Deal with Funds transfer, remittances, Insurance, Mutual Fund and Pension products, collection of cheques, Payment of electricity bills, School / College fees, other public utility services, etc. on commission basis.
- 6) Appoint / engage BF's / BC's / Agents with demarcated areas for each and extend financial and other services at the door steps of the customers and increase business volumes and income of the Branches.

7) Undertake innovative financing in viable Social Business & other development activities and discharge social responsibility role.

The OBJECTIVE of this Model is to look after the Weaker Section by the Coop. Bank Branches in the Urban, Semi-Urban and peripheries of their service areas, enlarge their customer base, increase business volumes and become profit making retail units.

Conclusion

The Cooperative institutions have been catering to the credit needs of the rural masses since 1904 and they are the only organizations which have rural flair and commitment. During the course of their long journey, the cooperatives have travelled through the different phases of Micro-Finances and have gained experience and expertise in the field. Again, the Cooperatives have the capacity in the field. Again, the Cooperatives have the capacity and will to serve the rural masses and can play a very effective and useful role in financial inclusion and Inclusive Growth. My firm conviction is that what the Cooperatives can do for the people; no other institution can achieve even a fraction of that. The cooperatives have a lot of success stories be it in Micro – Credit, Banking, and Transport, Handloom and Weaving and Consumer goods dealing. In the changed scenario, it has become necessary to provide financial and other services in a compressive and sustainable manner. While preparing the Models, these as well as the Govt. decisions and the Guidelines and Circulars issued by RBI, NABARD from time to time, have been kept in mind and their functions are so designed so as to ensure basic services to the needy people and help eradication of poverty from the nation.

Reference:

- 1Bhatia meera (2002) women empowerment and good governance, paper presented in the 9th SAARC International conference September 20-22, 2002, Jaipur, India
- 2 government of India committee on financial inclusive (chairman Dr. c Rangarajan) , 2008
3. RBI Report on rural credit and micro finance (chairman H R Khan), 2005
4. Sharma M index of financial inclusive, working paper, ICRIER, New Delhi, 2008
5. CRICIL Inclusive financial inclusive index June 2013
6. Cheston S and Kuhn L (2002) empowering women through micro finance, draft opportunity international
7. MYRADA (2002) Impact of self-help groups (group processes) on social empowerment states of women members in Bank for agricultures and rural development, Mumbai
8. Sudha rani K D, Uma Devi and G Surendra “SHGs micro credit and empowerment ” social welfare, feb 2002 pp 20-22
9. WWW.RBI.ORG.IN
10. NAFSCOB Journal and rural co-operative credit and banking, volume iii,